

MAR. 5
1938

MAR 7 1938

BUSINESS WEEK

BUSINESS
INDICATOR



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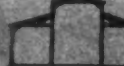
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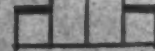
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A SURPRISING STORY—with a good common-sense point. You should read it if you're buying a car... because a car is the most important purchase you make, next to a home. This tells you how greater value is built into Plymouth.



1 The Famous Jonker Diamond—measures $2\frac{1}{4}$ x $1\frac{1}{2}$ inches...was sold for \$750,000. The diamonds used in building Plymouth are worthless as jewels...yet they help save Plymouth owners money!



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3 "Drilling for Oil"—This wrist-pin oil hole is being diamond-bored...to save you money.



4 Only Platinum Will Do for these tests. It resists heat and acids that would destroy steel...helps Plymouth perfect special metal alloys.



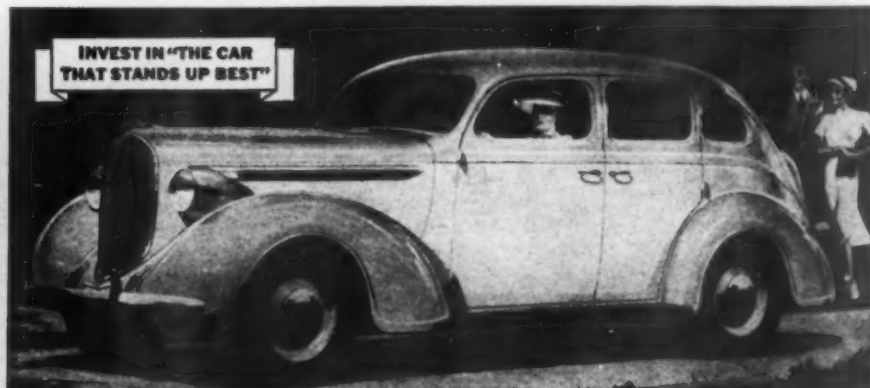
5 Here Are \$22,800 Worth of sapphires from Cartier's—and a Plymouth piston that's coated with a sapphire's chief substance—aluminum oxide! This keeps the piston smooth, saves oil and upkeep costs!



6 Purer than Sterling Silver—are the 24 sq. ins. of silver coating inside a Plymouth headlight reflector.



7 The Test Rod suspended in the glass is coated with pure gold. This test helped develop Plymouth's beautiful chrome plating.



8 1938 Plymouth De Luxe 4-Door Sedan with Trunk delivers in Detroit for only \$815—other models as low as \$645—including Federal taxes. State, local taxes not included. See any Dodge, De Soto or Chrysler dealer. PLYMOUTH DIVISION OF CHRYSLER CORPORATION, Detroit, Mich. TUNE IN MAJOR BOWEN'S AMATEUR HOUR, COLUMBIA NETWORK, THURSDAYS, 9 to 10 P. M., E. S. T.

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Illustrated is a typical Stewart industrial installation and a close-up of Stewart Oval-Back I-Beam line post with integral (one piece) extension arm—an unbreakable unit—the heaviest and strongest chain link fence post on the market! This is but one of the many outstanding features exclusive with Stewart.

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"World's Greatest Fence Builders Since 1896"



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NEW BUSINESS

Back in 1912, H. C. Ward, General Electric salesman, sold a 7,500 kw. turbine to Rochester (N.Y.) Gas & Electric Co.; and Patrick Drumm, then an R. G. & E. employee with 21 years of service, had the honor of turning on the steam for the first time. Twenty-five years tumble by; the old turbine continues to hum at the height of its efficiency, but by 1937 there have been many improvements in turbine design, any of which would justify a new one. Along comes Salesman Ward and sells a new one to be installed on the old foundation. And Engineer Drumm is still on the job in the year 1938 to turn on the steam.

Speaking at the annual meeting of North Texas Oil & Gas Association, Wichita Falls, last Saturday, Axtell J. Byles, president, American Petroleum Institute, put into 42 words a philosophy of American democracy: "The American way of meeting problems is the cooperative way. Cooperation comes as the result of personal contact, study, and free discussion, not from mandate. It is the only way a democracy can work, which is the way of a free people."

Last week, Sherwin-Williams Co. and Arthur Brown & Brother cooperated in a series of exhibits, lectures, and demonstrations of silk screen process painting and printing at Hotel Commodore, New York. Assisted by Nu-Film Products Co., Miller Paper Co., Paasche Air Brush Co., and Claremont Waste Co., they showed that stencils can be cut in a fraction of former cutting time; that posters and displays can be printed economically in four, six, eight, and a dozen colors with results comparable to conventional printing methods; that screen process can be applied to decorating fabrics for clothing, cloth banners for display and celebration, covers for books. Especially new to most visitors was the process of "flocking," wherein carefully chopped fibers of rayon, silk, cotton, or wool are blown onto paper, cloth, or felt to achieve permanent suede, velvet, or fur affects.

This week, Bakelite Corp. opened its comprehensive "Bakelite Travelcade" exhibit at New York Museum of Science & Industry, Rockefeller Center. Right through March, visitors will be able to see how synthetic resinoids were discovered by Dr. L. H. Baekeland, how they are made today in 2,000 varieties, how they enter importantly into every phase of modern life from maternity hospital to clothing, cookery, home, business, transportation, amuse-

ment, and manufacturing. When the Travelcade leaves the Museum, it will start on a two-month city-to-city tour in New Jersey. Following that it will be installed for the rest of the year at Franklin Institute, Philadelphia.

Next week in Detroit's Convention Hall, the American Society of Tool Engineers will run its Machine & Tool Progress Exhibition, March 9-12 (BW—Jan 15 '38, p2), right at the onset of spring tool buying in that important manufacturing center. Proceeds from the sale of space for the show are being assigned to local chapters of the society all over the country to aid its members in travel expenses to and from the show.

And week after next, the most truly colorful exposition of the year will hold forth at Grand Central Palace, New York, March 14-19, when the International Flower Show will celebrate its Silver Jubilee. Exhibits from the nation's finest estates and private greenhouses will compete for prizes in many classes. J. P. Morgan's garden will submit itself to the critical eyes of the judges, along with that of Marshall Field. Mrs. Payne Whitney will match posies with Mrs. H. Edward Manville.

Recently the publicity department of the Bank of America, San Francisco, put together a batch of quotations from business publications, newspapers, and books, to give its executives, branch managers, and salesmen the highlights of current business trends and policies. Idea was so warmly received and proved so valuable that the quotas are now issued in the form of a weekly bulletin to about 1,000 readers within the organization and its affiliated activities.

Building operations covered by the \$1,000,000 expansion program of Bridgeport Brass Co. are proceeding apace under the supervision of Stone & Webster Engineering Corp. The new mill office building was completed and occupied in December, and the new metallurgical laboratory will be occupied shortly. The new rolling mill, whose 200,000 sq. ft. steel, concrete, and glass building is now complete, will be implemented and ready for straight line production in August.

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WASHINGTON BULLETIN

WASHINGTON (*Business Week Bureau*) — The President will launch his program for anti-trust law revision when the Federal Trade Commission reports April 1 on the price investigation which he requested last November. There will be no action this session, but the Commission's findings showing the effect of non-competitive prices on the cost of living will be used as a build-up in the congressional campaign to get the New Deal's reforms going again next year.

Tracing Fair Trade Effects

One feature of the Trade Commission's investigation will be a demonstration of what has happened to department store prices for 51 branded products covered by resale price maintenance contracts, legalized by the Jimmy Roosevelt-Tydings-Miller act. The commission also is checking up on the prices of similar goods in chain and independent stores, but the report will jump from there into a broad survey of the prices of steel and other building materials, foodstuffs, and other lines in which it's assumed that competition doesn't have full play. FTC also will report before Congress goes home on its investigation of farm machinery prices.

Wage-Hour Fight Goes On

Roosevelt will concentrate his efforts during the remainder of the session on salvaging what he can of the undistributed profits tax and trying to force action on the wage-hour and government reorganization bills. He is pushing the fight for "some sort" of wage-hour legislation over the advice of his House leaders, who urge that he let it go over for study till next year, the tactics that he has adopted on anti-trust legislation. By refusing to budge on this labor issue, the President keeps his own record clear, shunts the blame on Congress if legislation fails. A House subcommittee will attempt to write a compromise bill in the next two weeks. Any prediction that the bill will or will not pass would only be a guess. The issue is dormant in the Senate as it passed a 40-40 bill last session, but, if the House acts, the Senate will rush through a mild version.

Kicking Over Tax Traces

Drastic revision of the tax bill by the Senate to encourage business, increase employment, and remove some of the present uncertainty and fear restraining investment, is clinched by Bernard M.

Baruch's testimony before the Byrnes Committee, which has been plumbing the depths of unemployment and relief. Informal polls of the Senate Finance Committee, which will take over the House bill next week, indicate that



BERNARD BARUCH

He put the Administration on the spot.

a majority favors outright repeal of the undivided profits tax. This is assurance, at least, that the bill will be drastically altered by the Senate. The House would be glad to follow the Senate action later and break away from the Administration-dictated bill.

An Effective Critic

Baruch frankly stated that the government—its present policies and its apparent course for the future—was more responsible for the present depression than any other single factor and that business could do nothing unless this fear were removed. Such a statement can be counted on to give many pro-Administration senators the political justification they need for voting as they really think best rather than according to White House orders. The tremendous importance of Baruch's testimony lies not in its logic, but in the fact that the close friend of Woodrow Wilson and the man who has frequently conferred with Franklin D. Roosevelt cannot be accused of sabotaging the New Deal or willfully playing into the hands of the Republicans. Baruch has a large following in the Senate, dating back for many years.

Party Politics

It's plain enough that the President

did not lose his Supreme Court fight. He won it. The only question now is whether the price he paid was too high. Only time will answer that. That it might have been too high is suggested by Sen. Wheeler's continued bitterness, as evidenced by his Boston comments to the broad general effect that Roosevelt might be renominated but could not be reelected. Roosevelt's eager efforts to placate most of the dissenters have not been 100% successful. The importance of this situation will not be fully appreciated until the national convention where Roosevelt will be renominated or his successor picked. Southern conservatives are determined to beat Roosevelt if possible. They are not sure they can do it, but they are fairly sure they can beat anyone else from New Deal ranks.

Admit Reelection Chances

The situation is interesting because none of the chief plotters in private conversation agrees with Wheeler's public statement, though they are aiming at the same objective, so far as ending Roosevelt domination is concerned. They do not think there's a chance of defeating Roosevelt, if nominated. Most of them will not bolt the Democratic party if he is nominated. The price is too high. Memory of what happened to Southerners who bolted the Democratic Party in 1928 is still too green.

Organizing the Little Men

The Commerce Department is firmly refusing to sponsor any of the little business men's organizations that are popping up all over the country, chiefly because it can't investigate these groups, several of which have national pretensions. In Akron, the National Small Business Men's Association, organized several months ago, is frankly anti-New Deal. In Washington, the American Federation of Little Business includes among its organizers the founder of the Young Democratic Clubs of America; it claims to be non-political and one of its objects is to let its members know "who their friends are" in Congress. In New England, still another group of business men who attended Sec. Roper's conference a month ago are going ahead with a permanent organization. Groups trying to build an organization by legitimate means fear that racketeering will cast suspicion on the whole movement or that they will be tarred with the stick of big business. The head of one organization that is having trouble in financing its activities

817 FIFTH AVENUE BRINGS HEATING UP-TO-DATE

**Webster Heating Modernization
Assures Comfort for Tenants
in Fine Apartment House**

SAVES \$1,124 IN TWO YEARS

**Owners Point to Practical Value
of Providing Balanced Heating
Service for Tenants**

"CONTROL-BY-THE-WEATHER"

New York, N. Y.—The fine residential apartment at 817 Fifth Avenue was modernized in the fall of 1934 to take advantage of the modern heating service provided by the Webster Hylo System of Steam Heating.

For many years, the Matchette Realty Corp., owners of the 817 Fifth Avenue property, have capitalized on their advantageous location opposite Central Park and assured a stable rental income by providing the finest of modern accommodations.

In 1934, the building owners began an investigation of heating systems that offered the possibility of better heating service and lower heating expense. They selected the Webster Hylo System of Steam Heating because of its proved ability to accomplish these objectives. Installation was made by John Henderson, Jr., New York plumbing and heating contractors. There is a total of 8,225 square feet of installed direct radiation.

With the Webster Hylo System, the tenants at 817 Fifth Avenue receive perfect heating comfort during the severest weather. The steam supply to the entire building is varied in accordance with changes in outdoor temperatures. Overheating and underheating are reduced to a minimum.

Before modernization, Webster engineers estimated that steam consumption would be reduced the equivalent of \$376 per year. According to meter readings, heating expense actually was reduced \$1,124.68 during the first two years with the Webster Hylo System.

These before-and-after facts point the way to maximum comfort and economy in heating new buildings as well as in modernization of existing installations. Consult your architect, engineer or heating contractor. Or address

1898 WARREN WEBSTER & CO., CAMDEN, N. J. 1938
Pioneers of Modern Steam Heating
50 YEARS OF HEATING PROGRESS

Representatives in 60 principal U. S. Cities



817 Fifth Avenue
Apartment Building

reports privately that he has been offered plenty of money but it's from the wrong places.

No Credit Solution Now

Study is progressing on a system of intermediate credit banks for industry. An Administration bill will be launched when a feasible setup has been outlined, but enactment this session is not in the picture. Reaction in Washington to resumption of RFC lending is less than enthusiastic. It doesn't meet the need for fixed capital, and many would-be borrowers of working capital resent being invited by the White House to "get it from Jesse Jones" and then being turned down. More Congressmen are leaning to a backtrack amendment of the 1935 Banking Act to permit a certain amount of underwriting by national banks. Since the proposal didn't come from Chairman Eccles of the Federal Reserve, Sen. Carter Glass is for it.

On the Spot

In the immediate foreground of banking legislation is the Glass-McAdoo bill to "freeze" present bank holding companies for the purpose of subjecting their operations to drastic regulation. The bill is a compromise which avoids a death sentence, and as such has a good chance of going through this session.

Looking for Coal Boss

Heavy buying to replenish low stocks follows abandonment of the Coal Commission's price schedules. The job of reconstructing a satisfactory price list under the Guffey act is best appreciated by the fact that there are 450,000 different price items. Meanwhile Chairman Charles F. Hosford is about to resign, and is looking for another job. His successor is not going to be easy for the President to find, even with patronage-minded Sen. Joe Guffey's assistance. It's a \$10,000 job but it only runs until 1941, and it involves running an industry bigger than Big Steel.

En Route to High Court

Headed for the Supreme Court, the Biddle case will furnish the first test of the ambiguous Robinson-Patman act. In a brief filed with the New York circuit court this week, the Federal Trade Commission puts its own interpretation on the obscure phrase "except for services rendered" which qualifies the general ban on the payment of brokerage to a buyer or his agent. FTC argues that this phrase refers in a given case to services in connection with the sale of goods or the purchase of goods but not to both. The R-P act doesn't recognize a "middle man" who represents both buyer and seller, according to FTC.

Boosting Ante for Planes

More money than anticipated for big fighting and bombing planes is assured. The Senate is expected to boost the House figures, and House figures will exceed the original budget. This development is explained by the curious rapprochement between the battleship admirals and the air enthusiasts. Glenn Martin smoothed the way by insisting that more and better battleships should be built but that more money should also be spent for bigger, more powerful planes and for experimentation. His point, that he had built much bigger planes for Russia than the United States has, was a telling one.

Settling Old-Barrel Argument

As predicted by *Business Week*, light-bodied whiskeys stored in old barrels will now be able to make the age claims that heretofore have been forbidden them, but they will have to qualify their claims by indicating that the aging was done "in reused cooperage". There's a proviso, too, that such whiskeys cannot be labeled rye whiskey or bourbon whiskey but must be designated as "distilled from rye mash" or "bourbon" as the case may be. In revising its regulations the Federal Alcohol Administration seeks to compromise the issue that has split the industry ever since repeal. Neither the old heavy-bodied whiskey distillers nor the distillers of the light-bodied product know what effect the new labeling requirements will have upon their competitive struggle.

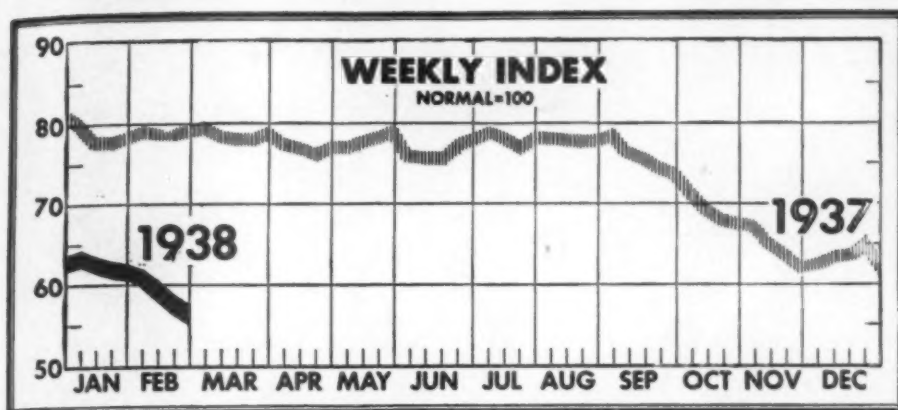
TVA Likely to Win

Negotiations for purchase of Electric Bond and Share properties in the Knoxville area, begun this week, will drag along for some time. It will be no simple task to write terms satisfying the utility companies, operating and holding, on the one side and the municipal authorities and TVA on the other. However, the job was done once before (although subsequently blocked by legal action), and eventual success is anticipated. The expectation in Washington is that the utility will move out, turning over all its facilities to TVA and the municipalities.

For Phosphate Development

Back of the President's forthcoming message to Congress on phosphate is a nebulous plan to develop Western reserves. Sen. Pope of Idaho, a staunch New Dealer, has been plugging since 1933 to get the government interested. The first step will be an order by Roosevelt directing an investigation into the development of inter-mountain deposits. Sponsors of the project hope that this will necessitate erection of an experimental plant which will utilize hydroelectric power for production of fertilizer.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	*57.6
Preceding Week	†58.4
Month Ago	62.5
Year Ago	79.9
Average 1933-37	65.1

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
*Steel Ingot Operation (% of capacity).....	29.3	30.4	30.5	85.8	80.0
*Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$5,524	\$6,829	\$9,238	\$9,825	\$5,714
Engineering Construction Awards (Eng. News-Rec., 4-wk. daily av. in thousands)	\$8,383	\$9,165	\$8,826	\$8,176	\$4,844
*Bituminous Coal (daily average, 1,000 tons).....	1,083	1,125	1,200	1,807	1,504
*Electric Power (million kw.-hr.).....	2,031	2,059	2,099	2,207	1,782

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Total Carloadings (daily average, 1,000 cars).....	89	90	95	119	101
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	58	59	59	76	62
*Check Payments (outside N. Y. City, millions).....	\$3,207	\$3,710	\$3,816	\$4,115	\$3,387
*Money in Circulation (Wednesday series, millions).....	\$6,324	\$6,302	\$6,294	\$6,372	\$5,727

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.99	\$0.99	\$1.02	\$1.33	\$0.95
Cotton (middling, New York, lb.).....	9.24¢	9.15¢	8.40¢	13.46¢	11.12¢
Iron and Steel (Steel, composite, ton).....	\$38.84	\$38.88	\$38.97	\$36.95	\$32.46
Copper (electrolytic, Connecticut Valley basis, lb.).....	10.000¢	10.000¢	10.040¢	15.000¢	9.250¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	151.1	150.1	149.4	209.8	151.1

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Bond Yields (Standard Statistics, average 45 bonds).....	5.93%	5.88%	5.91%	4.22%	4.98%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	.95%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate).....	1.00%	1.00%	1.00%	.75%	1.00%
Business Failures (Dun and Bradstreet, number).....	248	263	321	106	288

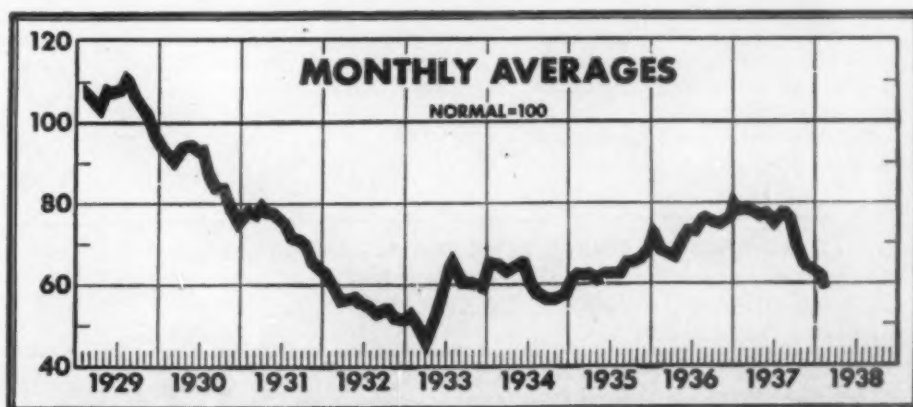
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,591	2,600	2,594	2,460	2,465
Excess Reserves, all member banks (Wednesday series).....	1,410	1,360	1,440	2,097	1,748
Total Loans and Investments, reporting member banks.....	21,167	21,231	21,275	22,675	20,091
Commercial and Agricultural Loans, reporting member banks†.....	4,378	4,392	4,398	8	8
Security Loans, reporting member banks‡.....	1,345	1,363	1,423	8	8
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	9,297	9,316	9,315	10,303	8
Other Securities Held, reporting member banks.....	2,974	2,977	2,922	3,316	8

*Factor in Business Week Index. *Preliminary, Week Ended February 26. †Revised. ‡New Series. §Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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Now the swankiest fasteners

are made of Du Pont

Plastic Materials



TODAY, slide fasteners are high style. For now, thanks to *plastics*, they can be made in colors which match the color of the garment. Thus, plastics open a tremendous new market for hookless fasteners.

Plastic fasteners are strong and durable, yet extremely light in weight. And of course, they are rust-proof and non-corrosive.

The color, finish and natural advantages of these new materials have

proved a boon to business. And their economy and ease of manufacture have frequently helped reduce costs.

People who sell anything bought by women know how vital are color, style and beauty. Thousands of manufacturers have built up sales by styling their products with plastics.

No one plastic can fill all the varied needs of the many different products that are—or can be—made of plastics. Du Pont has therefore de-

veloped a group of different plastics, each with special characteristics and advantages. One of these plastics may fit your requirements *exactly*.

It is likely that plastics can be used somewhere in *your* business, to make the products you make more beautiful, more useful, less costly to produce.

Write E. I. du Pont de Nemours & Co., Inc., Plastics Department, Arlington, New Jersey.

AMONG DU PONT'S LINE OF PLASTICS ARE:

"Pyralin" cellulose nitrate plastic; "Plastacele" cellulose acetate plastic; "Lucite" methyl methacrylate resin. These plastics are available in sheets, rods and tubes. For injection and pressure molding, there are: "Plastacele" cellulose

acetate molding powder and "Lucite" methyl methacrylate molding powder.

*Plastics are man-made combinations of basic chemicals and materials manufactured in a wide variety of transparent, translucent and opaque colors in the form of sheets, rods, tubes and molding powder, from which articles may be readily fabricated.



PLASTICS

Another contribution to
BETTER THINGS FOR BETTER LIVING...
THROUGH CHEMISTRY

THE BUSINESS OUTLOOK

THE IMPROVEMENT in sentiment which was noted in this column last week continues. Under its influence the markets have temporarily outrun business activity, which, far from advancing, has dropped even below the level of the preceding weeks. Opinion is clearly anticipating a spring pick-up in business, no sign of which has yet made its appearance. After weighing the factors on both sides, the conclusion is reached here that the ground-swell of sentiment is well founded, that the spring pick-up in business will arrive.

Production in January

The composite monthly index of industrial production compiled by the Federal Reserve Board on a seasonally adjusted basis has been announced as 81 for January. This represents a 3-point drop from December, and a 36-point drop from August—as sharp a decline as has ever been recorded. The 81 average was the resultant of a very low level at the beginning of 1938, followed by an appreciable rebound in the remainder of January.

February Reverses Trend

In February the trend was reversed, and four successive weeks of decline have cancelled the entire January gain. In the current week, steel operations are down one point, while last week's automobile production, carloadings, and electric power output made the worst comparisons to date with the figures of a year ago. The average index of industrial production for February was probably about 80.

Improvement in March

What is the prospect for March? In the first place, March usually shows a seasonal improvement of approximately 2% over February. The present outlook is that this gain will prove a minimum for the current month. Steel operations will depend on orders not yet received, but a lift to better than 35% of capacity is the most likely prospect for the latter half of the month. The production schedule of the largest producer will be lifted sharply in the latter half of March, if present plans are not abandoned. Shoe output may be raised between 5 and 10%, as against a seasonal expectation of 4%. Judging by the state of stocks on hand and by recent buying trends, textiles and other consumers' goods will show, on the whole, at least a seasonal improvement.

Durable goods, metals, and building materials, on the other hand, will be held back by the relatively sticky state of their inventories. Taking the index of industrial production as a whole, a recovery in March of half the loss since December would not be surprising.

Real Pick-Up in April

The main thing to bear in mind is that the present low level of activity is temporary. February must be washed out as a bad month. March should be better. April is the goal toward which business should look in making ready for the spring rally.

Auto Industry's Drive

One line of business is making its drive in the coming week—"National Used Car Exchange Week," for which the motor companies have appropriated \$1,250,000 to push the sale of used cars. It is recognized that the heavy stocks in dealers' hands are a serious obstacle to the sale of new models. After a very poor January in both new and used car sales, February saw an improvement in the latter. If the March drive is successful, the present trade forecasts of 1938 automobile production will prove to have been overly pessimistic.

Political Evil and Good

Political developments this week have been moderately favorable. It is now apparent that the legislative results of this session of Congress will be decidedly limited, and the President has made it known that he intends to declare an armistice on new reforms until after election. This does not refer to the wage-hour bill, but the outlook for a wage-hour bill of any great significance is already very poor. The tax bill is in the mill, and the result is certain to represent an improvement over the present law. The only question might be how far business opinion has already discounted its passage. The farm bill is in force, and, whatever its long-run aspects, the 1938 effect, particularly on cotton, may well prove good for business. The frank testimony of Bernard Baruch before the Senate committee investigating unemployment was doubtless highly informative to Congress and the Administration. Equally revealing, although less publicized, were the several addresses by Sir Josiah Stamp, with their clear-cut expression of the viewpoint of an intelligent, liberal Englishman of the highest reputa-

tion. His emphasis was on the responsibility of government policies for the recession and the changes needed to promote revival. On the whole, there is still much to fear in Washington, from the business man's point of view, but there is much to hope for as well.

Employment and Income

The employment and income figures announced in the past week have furnished some sharp contrasts. Factory employment was reduced 5%, after seasonal adjustment, between December and January; but payrolls were down a full 12%. It is possible that this is the last of the big declines—the November and December drops having been 10% each—but a continuance of the trend is inevitable. Payrolls naturally lag somewhat behind the production indexes.

Maintaining Retail Sales

Factory payrolls, however, are not typical. Total "national income paid out" was only 14% lower in January than it had been a year before. This explains the relative maintenance of retail sales and offers encouragement to business.

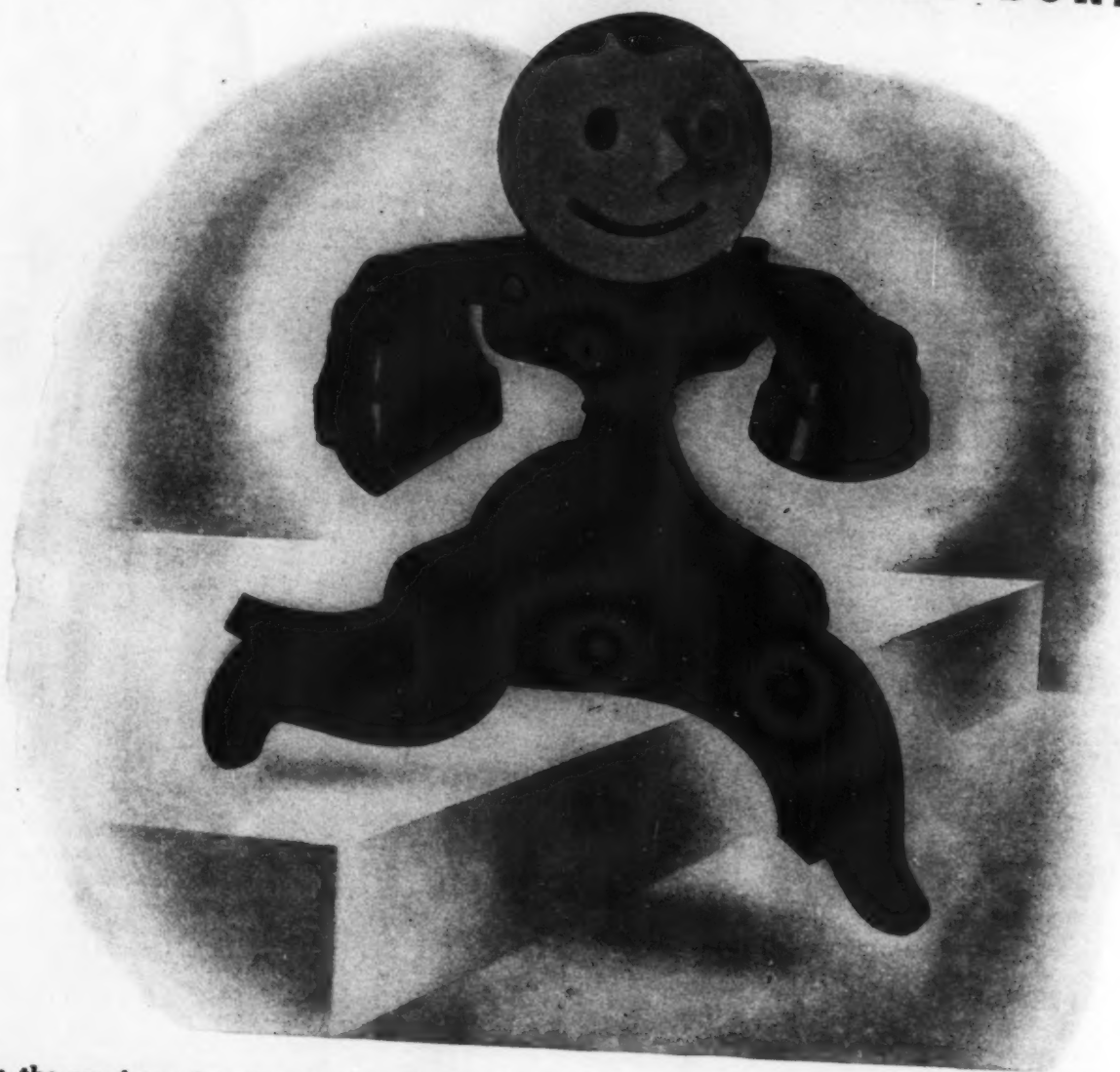
Dejobbing the Rejobbed

Turning to the unemployment figures which are estimated from the incomplete data available, we find that they continue to rocket upward. The Department of Labor total for non-agricultural unemployment shows a January increase of 1,300,000 and an October-January increase of 2,800,000. Another series worth watching, since it checked well with the official census last November, is that of the National Industrial Conference Board for grand total unemployment. This showed 14,984,000 in March, 1933, was down to 6,065,000 in September, 1937, and reached 10,342,000 in January, 1938. In other words, 48% of those who regained their jobs in the whole recovery period have lost them again since last September.

Lesson for Washington

The dark side of this unemployment trend needs no elaboration. If there is a bright side, it is in bringing home to those in authority how much of the boasted recovery from 1933 to 1937 has already been lost. If this leads to sober treatment of a serious situation, business may receive the aid (or, in some respects, the salutary neglect) which will enable it to carry through a spring pick-up into a fall recovery.

Long Distance rates STEP DOWN EVERY EVENING AND ALL DAY SUNDAY



In the evening, after the day's duties are done . . . on Sunday, when the week's worries are over . . . these are especially pleasant times to bring far friends near and link scattered families by telephone.

Long Distance rates step way down after seven in the evening and all day Sunday. It takes little time and little money to talk to some one it would take hours and dollars to visit. Go there and back by telephone. Call after seven or on Sunday—and save.



HERE'S HOW LITTLE IT COSTS TO TELEPHONE!

BETWEEN THESE POINTS		AT NIGHT AND ON SUNDAY*
BALTIMORE, MD.	PHILADELPHIA, PA.	\$.35
CHICAGO, ILL.	INDIANAPOLIS, IND. . . . .	.45
LANSING, MICH.	WHEELING, W. VA. . . . .	.60
BIRMINGHAM, ALA.	NEW ORLEANS, LA. . . . .	.70
ATLANTA, GA.	KANSAS CITY, MO.	1.20
SEATTLE, WASH.	DENVER, COLO.	1.80
LOS ANGELES, CAL.	DES MOINES, IOWA	2.50
SALT LAKE CITY, UTAH	WASHINGTON, D. C.	3.25
BOSTON, MASS.	SPOKANE, WASH.	4.00

* 3-minute station-to-station rates . . . In effect from 7 P.M. to 4:30 A.M. every night and all day on Sunday.

BUSINESS WEEK

MARCH 5, 1938

House Passes the Tax-Bill Buck

Senate is slated to overhaul the House measure—particularly the vestigial undistributed earnings tax, retained by the House to save face.

WASHINGTON this week at last got a look at the House tax bill—and a foretaste of what's to happen to it when the Senate gets hold of it. Less than 24 hours after Chairman Doughton of the House Ways and Means Committee introduced the future "revenue act of 1938", two nationally known business men, in an unscheduled performance, told the Senate what they thought of it.

Ordinarily, the views of business might not make a dent in the Senatorial armor; but this time a good many Senators (indicated by poll) are "feeling their oats" of independence, and are prepared to fight the undistributed earnings tax, even in the emasculated version of it that survives in the House bill.

Senators Sit Up and Take Notice

So, when Ralph E. Flanders, president of Jones & Lamson Machine Co., and George H. Houston, president of Baldwin Locomotive Works, told the Senate Unemployment Committee that unwise taxation was a major cause of current business uncertainty, Senators paid more than casual heed. A year ago they might have considered such an accusation as just another sign of "business prejudice," but Wednesday they sat up and took notice.

Only strong words from President Roosevelt himself can stop the Senate from repeating its performance of 1936, when it did a major overhauling job on the original House bill and when the undistributed earnings tax provisions were preserved only as a result of Presidential pressure.

What's left of the undistributed earnings tax in the new House bill is just an echo of the current law (*BW*—Jan 22 '38, p17). Corporations with net incomes of less than \$25,000 are exempt. Corporations with incomes of slightly more than \$25,000 are given complicated tax options, and only large corporations bear the full brunt of the surtax—which at most comes to 4%, as against the present 20.5%.

Major bone of contention will be the "third basket" levy, aimed at closely held enterprises. Indeed, Mr. Flanders took particular note of this provision in stirring up the Senate even before the bill had been passed along. The House proposes a special 20% surtax on corporations whose controlling ownership, based on a sliding percentage of stock held, is confined to ten persons or less.

This third-basket provision is an attempt to fashion an effective weapon out of section 102 of the 1936 tax law, which imposes a special tax on cor-

Tax Bill — and Revenue

Here are facts which add up to trouble when the Senate gets the House tax bill:

1. President Roosevelt's estimate in January that the 1939 deficit would be only \$950,000,000.

2. Rep. Vinson's assertion that the House proposals will result in "no loss in revenues."

3. The sharp decline in general business activity since those two statements.

In December, the Federal Reserve monthly index of production (which government statisticians use) was at 84. In January it dropped to 81; and the February figure may prove to be somewhat lower.

That drop in general business will do nasty things (a) to Mr. Vinson's statement that there will be "no loss in revenues" and (b) to Treasury revenues.

The Senate will have to reckon with the shift in the government's estimated income account as a dynamic consequence of the change in the business picture. More, the \$950,000,000 estimated deficit for the fiscal year which ends June 30, 1939, is bound to be low. Not only are receipts likely to be under estimates of Treasury experts, but expenditures (because of relief) will be higher than originally contemplated.

porations "improperly accumulating surpluses." Here, the difficulty has been to prove impropriety, and in two bitterly-fought cases (National Grocery

Key Figures in the Rise and Fall of the Undistributed Earnings Tax



HERMAN OLIPHANT
The Treasury's General Counsel
fathered the tax back in 1936.



ROSWELL MACCALL
The Treasury Undersecretary
has directed the retreat.



SEN. PAT HARRISON
His Senate Finance Committee
will now revamp the House bill.

Co. and Cecil B. De Mille Productions, Inc.) the Collector of Internal Revenue was defeated in court. Hence, the new provision aspires to make concentrated ownership *prima facie* evidence of tax avoidance.

The Senate is particularly crochety over this provision. Cases are cited to show that numerous small companies are family-owned and that even the \$60,000 net income exemption will not suffice to pardon many corporations which could not in any real sense of the word be called "large."

The Senate also may balk at the House plan for capital gains taxation. Here, there is a segregation of long-term and short-term profits and losses, reminiscent of the revenue act of 1932. A capital asset held for more than one year constitutes "long-term", whereas previously two years represented the arbitrary demarcation. Short-term losses, incidentally, cannot be applied against long-term gains, and vice versa, but a one-year carryover is allowed.

Unless there is unexpectedly rough going in the Senate, business ought to have the revised bill by April, when it will probably go to conference.

Big Farm Tool Show

Wichita event has 25% more attendance than last year, and 67% more sales.

THE farm implement and equipment industry had unexpected reason for joy last week. To its surprise, sales of tractors and farm implements at the Western Tractor and Power Farm Equipment Show at Wichita, Kan., leaped to about \$1,000,000, a jump of about 67% over last year's level, when total sales amounted to \$600,000. Attendance ran about 25% ahead of last year, conservative estimates placing it at 100,000, compared with last year's 80,000.

Farmers and dealers came from Texas, Oklahoma, Kansas, Colorado, Nebraska, Missouri, Arkansas, and Iowa. A carnival spirit prevailed, embracing farmers from the Dust Bowl, who rejoiced because the week's snows had swept down over the drought-stripped area. The earth was soft, and there seemed a better prospect of profitable crops in the bowl than in several years.

There were exhibits of full lines of farm equipment by the industry's big seven—Harvester, Deere, Allis-Chalmers, Oliver, Case, Minneapolis-Moline, and Massey-Harris—as well as large exhibits of tractors by the Caterpillar Tractor Co. and the Ford Motor Co. Virtually every company in the field was represented. There was much interest in Allis-Chalmers' new one-plow baby tractor, on which the company is far behind in orders.

High Court Jolts Company Unions

National Labor Relations Board sustained in order forcing Greyhound to withdraw recognition. Supreme Court also upholds a wide right to picket.

WASHINGTON (*Business Week Bureau*)—Company unions took the count in the Supreme Court Monday, labor's biggest day since the Wagner Act was pronounced Constitutional last April. The National Labor Relations Board was jubilant. Reversal by the court would have given company unions a new lease on life, encouraged diehard employers to buck the board.

The question for decision was whether, upon finding that an employer has created and fostered a labor organization of employees and dominated its administration in violation of the National Labor Relations Act, the NLRB, in addition to ordering the employer to cease these practices, can require him to withdraw all recognition of the organization as the representative of its employees and to post notices informing them of such withdrawal. The answer is "Yes."

NLRB's Authority Upheld

Prior to the Supreme Court's decisions in the Pennsylvania Greyhound and Pacific Greyhound cases this week, the legal quarantine against company unions had extended only to domination of such unions by employers. Now NLRB's authority to compel an employer to withdraw recognition from unions found by the board to be company-dominated is sustained. In a unanimous decision in which Justices Cardozo and Reed did not participate, Justice Stone asserted that it was for

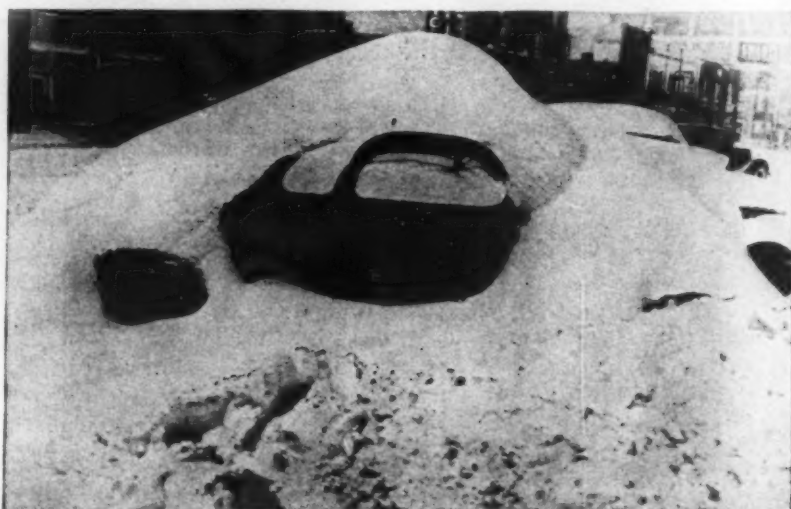
the board and not the courts to determine whether the continued recognition of the employees' association would in itself be a continuing obstacle to the exercise of the employees' right of self-organization and to bargain collectively through representatives of their own choosing.

Circumstances Are Considered

The court assumed that there are situations in which the board would not be warranted in concluding that there is any occasion for compelling withdrawal of employer recognition of an existing union before an election by employees; but the circumstances, said Justice Stone, afford ample basis for the board's conclusion that compulsory withdrawal of recognition by the employer is an appropriate way to give effect to the policy of the Wagner act.

The court swept aside the bus companies' contention that the cases were moot—presented no legal controversy—because Pennsylvania Greyhound already had signed a contract with another union and NLRB had ordered an election by employees of Pacific Greyhound to determine their bargaining agency. "An order of the character made by the board, lawful when made, does not," Justice Stone ruled, "become moot because it is obeyed or because changing circumstances indicate that the need for it may be less than when made."

"Decision day" this week practically



THE FARMERS LIKE IT—This is the kind of weather the Western Tractor and Power Farm Equipment Show ran into last week at Wichita. The snow made it a little difficult to get around, but exhibitors at the show decided that was all right when they found how much it improved the spirits of farmers, who have been worried about lack of precipitation during the fall and winter.

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cleared the Supreme Court's docket of labor cases. The court reversed a U. S. Circuit Court decision upholding validity of an injunction forbidding Local No. 73 of the Amalgamated Meat Cutters and Butcher Workmen to picket the Milwaukee shops of E. G. Shinner & Co.

The Circuit Court sustained the injunction issued by the District Court on the ground that since none of the Shinner butchers were members of the union, no "labor dispute" could exist under the terms of the Norris-LaGuardia act prohibiting the use of injunctions in labor disputes. In a 5-2 opinion the Supreme Court found nothing in the act's declaration of policy which narrows its broad definition of labor disputes.

The court granted NLRB's petition

for review of a Circuit Court's refusal to compel compliance with the board's order directing Mackay Radio & Telegraph Co. to reinstate, with back pay, five men allegedly discharged from the San Francisco office for union activity in 1935.

The court refused to consider the appeal of six New York Rapid Transit Company employees who sought to hold their jobs without joining the United Transport Workers Union, which recently won a closed-shop agreement from the company.

Next week the court will hear argument on appeal of the Santa Cruz Packing Company from a Circuit Court decision that it is subject to the Wagner Act. The company contends that it is exempt because the bulk of its business is intrastate.

the industry before the automotive leaders had returned from the Washington conferences. Waiting for them on their return was a program almost completely outlined. In one short week, N. W. Ayer & Son, Ford's advertising agency, had laid out tentatively most of the newspaper advertising copy, billboard posters, banners, stickers and publicity, had calculated costs, and set up suggested budgets allocating expenses pro-rata to all manufacturers based on 1937 sales totals.

Committees Go to Work

From that point on, committee management took over the job of organization of detail. Heading up all activities a sales managers' committee consisting of Ford's J. R. Davis, who is reported to have first conceived the plan, G.M.'s R. H. Grant and Jack Dineen, Chrysler's Fields, Packard's Gilman, Nash's Courtney Johnson, Studebaker's Paul Hoffman, Hudson's Tracy and Alfred Reeves of the A.M.A.

Next came the advertising managers' committee with such men as Barbier from Ford, Fisker from Chevrolet, Hitchcock of Packard and Vanderzee of Dodge Brothers. Publicity was put in charge of still another committee composed of agency publicists headed by Ayer's H. J. McCoy.

The J. Stirling Getchell agency took over the job of developing a dealer portfolio for the campaign, identical for all dealers for all manufacturers. To each of seven car company agencies was assigned a share of the responsibility of carrying out the program, and its portion of the budget—depending on the appropriation from the car company represented by the agency. Thus newspaper advertising was allocated jointly to Ford's Ayer, Plymouth's Getchell, Hudson's Brooke, Smith & French and Chevrolet's Campbell-Ewald. Billboards went mainly to Campbell-Ewald. Other items went to other agencies, including Geyer, Cornell

For Used Cars—One Big Push

Automobile manufacturers—with Ford included this time—join in mass campaign to break used-car jam, talk of reviving factory-junking plans.

NURTURED on the principle of always doing things in a big way, the automotive industry bids fair to outdo even itself next week. "National Used Car Exchange Week," March 5 to 12, climax of a concerted effort to break the used-car jam which has stymied new car sales and production, sets several new marks.

It involves what is believed to be the biggest single week's advertising campaign ever projected, with something like \$1,300,000 scheduled to pass into the tills of newspapers, outdoor advertising companies, radio stations, printers, etc.

It marks the first time since the Selden patent fight in the early days of automotive history separated Ford from the rest of the industry, that the big independent has actively cooperated in a major public program with the members of the Automobile Manufacturers Associations or its predecessors. Truly historic in this respect is the appearance together on one radio program of Edsel Ford with Chrysler's Keller and G.M.'s Knudsen.

Intense Publicity Drive

Advertisements have been scheduled in 7800 weekly newspapers and 1950 dailies; posters are appearing on 25,000 billboards in 7000 towns; 720 spot announcements will come over 400 radio stations. Supporting this is a tremendous mass of publicity of every type, used car parades, civically "sponsored" used car exhibitions, banners and posters for 46,000 dealers, stickers by the millions, and radio talks by N.A.M. and Armco President Hook, Big Steel's

Myron Taylor, Little Steel's E. R. Grace and Tom Girdler, and D. D. Fennell, president of the National Safety Council.

Forgotten for the week at least also, is the current battle between manufacturers and dealers (*BW*—Jan 1 '38, p22), with E. M. Lied, National Automobile Dealers' Association president, joining the campaign radio-wise.

Speaking officially for the first time as a representative of all automobile manufacturers and dealers, Packard President Alvan Macauley announced this week that the campaign is an outgrowth of recent conferences between the White House and automotive leaders (*BW*—Jan 29 '38, p17).

Actually the basic ideas of the campaign had already been developed by



EDSEL FORD



K. T. KELLER

Two of the auto manufacturers who'll go on the air in the used-car campaign.

& Newell for Nash, Roche, Williams & Cunyngnam for Studebaker, Hupp's Grace & Bement, Graham's J. Walter Thompson, Willys' U. S. Advertising, and Packard's Young & Rubicam.

Hope that the big campaign would prove effective in melting much of car dealers' capital now frozen in used car stocks was stimulated materially in past weeks by sales reports from the field. Used cars have begun to move in larger numbers. In many localities used car sales have climbed above the rate for the same time last year. Much of this is probably traceable to the intensive campaigning which manufacturers individually have been carrying on for the past two months or so. Ask-prices on used cars have dropped much all over the country, as a result of the intense sales competition between dealers.

Car Stocks Still High

Nevertheless stocks of cars are still plenty high—and what is more, most of the dealer money is tied up in fairly recently-built used cars—1935 to 1937 models.

Prime purpose of the campaign is to move these later models into the hands of the public, with trade-ins of older cars as the mechanism. From that standpoint, the campaign cannot—and is not designed to—decrease the

numerical total of cars in dealer stocks. If the campaign is completely successful dealers will find themselves with almost as many cars in stock as before, but will have money to finance new car sales, particularly to owners of cars of more recent vintages.

Naturally there has already been considerable debate among manufacturers as to what will be done with the junkers and near-junkers that will tend to accumulate on used car lots. Already 1929 models represent the largest number of cars in dealers' hands, with 1930's and 1928's not far behind. While the percentage of total dealer investment in such cars is not so serious, the preponderance of old cars will be even greater if the campaign goes over in a big way.

It is not outside the realms of possibility that factory-junking plans—used during the previous depression—will be revived. Under these plans factories add a certain amount to the sales-price of the new car. This amount—generally \$20 to \$30 per new car—is allocated to dealers in proportion to new cars sold and is paid to them in return for actual physical scrapping of used cars: so much per car scrapped. If such plans are revived, of course, they will materially lessen the likelihood of lower new-car prices.

New Sales Plans Back FHA Drive

Makers of home equipment and materials disclose campaigns for cashing in on expected increase in building, as result of liberalized law.

MANUFACTURERS of building materials and home equipment are devising their strategy for going after spring business expected from the liberalized Federal Housing Act. The government invitation is too obvious for any sales executive to overlook. Here are some programs already announced:

On Feb. 17 American Radiator Company announced its new sales plan to 40,000 plumbing and heating contractors. Over 3,000 have asked for the promotional material. The company's Heating and Plumbing Finance Corp. is set to utilize FHA's extended payment terms to the utmost. Booklets and sample forms are being furnished which show contractors how to capitalize federal aids.

Modernization Stressed

American Radiator's advertising campaign is still in the works. It provides for use in nearly 300 newspapers of 450-line copy emphasizing opportunities for modernization. Among other innovations scheduled for a March debut is a new system of forced warm water heating which provides air circulation at modulated temperatures.

A "building and modernization census" on a nation-wide scale has been undertaken by Kelvinator, to acquaint distributors with the needs of householders, builders, architects, and realtors as to heating and air conditioning. Kelvinator has reduced its appropriation for space advertising but increased its outlay for material which salesmen can use.

Realizing that the mass markets for homes lies in the lower brackets, Perfection Stove Co. is stressing its smallest unit in promotion designed to mesh with the FHA program. Increased advertising is planned, the extent depending on tests and surveys now in progress.

York Ice Machinery Corp. is localizing its drive for sales of air conditioners, etc., through the company's distributor cooperative advertising and sales promotion fund, which has been considerably augmented and extended to include all the firm's major lines. By sharing advertising and promotion expenses with its dealers, the company puts the weight of its effort out where sales begin.

Johns-Manville offers a special contest designed to stimulate building—and its own sales. The subject is: "Better

homes for a better America." To encourage entries and stir up home desires, the company will distribute a new "Home Idea Book" dealing with products and services involved in building. Contestants will write a letter not to exceed 250 words. Part must be devoted to "what the word 'home' means to me," the rest to good ideas derived from the booklet. First prize will be \$10,000. The contest opens April 1, closes July 20. Johns-Manville will feature this contest in its magazine and radio advertising, will also supply promotional material for local dealers' contests.

Within two hours after announcement that the new housing act had been signed, the Flintkote Co. began distribution of two complete sales plans to 10,000 lumber and building material dealers. These campaigns had been prepared through cooperation with the FHA, National Small Homes Demonstration, National Retail Lumber Dealers' Association, National Lumber Manufacturers Association. One plan covers modernization, the other small home building.

An interesting item in the Flintkote modernization drive is the "before-and-after" house. Dealers are shown how to dramatize what can be done by selecting ramshackle houses, leaving half of them in their original shabby state, and rejuvenating the other half to a condition of dazzling modernity.

Aluminum Products Campaign

Aluminum Co. of America is continuing promotion of its two products whose most important market is the building field. One is the pigment portion of aluminum paint, consisting of aluminum bronze powder and aluminum paste. All this is sold to paint manufacturers, but Alcoa has carried on educational campaigns to impress the virtues of aluminum paint on home owners, builders, painters, etc. This year more emphasis is being put on the farm market. The second building product is extruded shapes for aluminum window frames and sash, sold to window manufacturers. In March, Alcoa will begin an advertising campaign to stress the virtues of aluminum in building operations.

Armstrong Cork Co.'s new Custom-Craft floor plan got under way in time for the FHA procession. It employs a set of dies containing 10 design elements which can be combined to form thousands of different patterns. They mark an enormous saving in time (and cost) of producing colorful insets. In addition Armstrong has developed 39 standard linoleum insets which help to individualize flooring.

From a special statistical study, American-Franklin-Olean Tiles, Inc., decided that seven of every 10 houses built this year would cost \$7,000 or less, that a large majority would be erected by builders and real estate developers rather

than by ultimate users. Hence the company is focusing its effort on these types of builders and on banks and insurance companies, savings and loans associations, architects. Names are obtained from sub-contractors. To these, detailed recommendations are sent.

It's Legal to Tax Ads

U. S. Supreme Court sustains New Mexico levy on revenues of publications.

ADVERTISING revenue collected by magazines and newspapers this week was declared fair game for tax-hungry state legislatures, when the Supreme Court upheld by a vote of 6 to 2 the New Mexico sales tax law which imposes a 2% levy on the gross receipts from sale of advertising space. In opposing the tax, the publishers of *Western Livestock* argued that it placed an unconstitutional burden on interstate commerce. The court, however, held that it was "not the purpose of the commerce clause to relieve those engaged in interstate commerce from their just share of state tax burden," except where there was a possibility that the interstate business might be "burdened with cumulative exactions which are not similarly laid on local business." The court concluded that this exception could not apply in favor of publishers, who necessarily prepare, publish, and collect payment for advertising all within a single state, for "the tax is not one which in form or substance can be repeated by other states in such manner as to lay an added burden on the interstate distribution of the magazine."

Other Angles to Case

Critics of the argument advanced by *Western Livestock* wonder if the publishers might not have made their case somewhat more convincing if they had pointed out that the imposition of a state tax injured their interstate business in so far as it placed them in a bad competitive position with publishers in tax-free states. Also, it is pointed out that *Western Livestock* failed to plead the unconstitutionality of the tax on the ground that it violated guarantees of a free press; however, not even the most sanguine publishers place much confidence in that defense since it was emphatically thrown out by a three-judge federal court six weeks ago in a decision upholding the Arizona tax (*BW—Jan 29 '38, p23*).

Publishers, however, aren't wasting much time in abstract recriminations; they are already building their defenses against the flood of tax legislation, all directed at their advertising coffers, which is likely to be unleashed when the state legislatures next come into regular session.

Johnstown on Trial

The case of C.I.O. and NLRB vs. Bethlehem inundates the city of floods in a flood of words and everybody takes a hand.

If fortitude could be cut up in chunks and wrapped for shipping, the business community of Johnstown, Pa., would enjoy a new market for a local commodity. It rebuilt after the dreamy little Conemaugh River went on a rampage in 1889 and killed 2,209 of its citizens. It carried on during the last depression which engulfed all but one of its banks. It resumed in the spring of 1936 after a 16-foot flood left debris and dead cats in second story offices. It endured last June when the Steel Workers Organizing Committee (C.I.O.) called a strike at the Cambria plant of Bethlehem Steel Co. Still undaunted, it faces a threat of verbal inundation from testimony concerning its activities during that strike.

Charge Coercion of Employees

At Johnstown's Hendler Hotel Trial Examiner Frank Bloom, appointed by the National Labor Relations Board, is hearing charges brought by the National Labor Relations Board against Bethlehem. Testimony involves allegations that Bethlehem coerced employees in opposing unionization of its plants and a petition that S.W.O.C. be certified as bargaining agent for the workers (BW—Nov 13 '37, p24). S.W.O.C. is the plaintiff.

To Examiner Bloom, Johnstown is just a stop in his swing around the Bethlehem circuit. Hearings began in Johnstown Sept. 8, had a run of seven weeks, then skipped to Allentown for a four weeks' run, then to Baltimore for three weeks, then back to Johnstown on Jan. 10 to hear the company's

defense. Testimony covers over 13,000 pages, contains over 3,000,000 words, continues with undiminished volume. The NLRB has withdrawn its cases against Bethlehem's Pacific Coast plants but it reserves the right to reopen them.

Johnstown business men have done a lot of testifying on the Cambria plant strike. They formed the Johnstown Citizens' Committee which was largely instrumental in reopening the mill. Union sympathizers charge that the committee was a Charlie McCarthy for the corporation. They list it among the "vigilante organizations" allegedly



FRANK BLOOM

To the NLRB examiner, Johnstown is just one stop in the Bethlehem circuit.

THOSE GUILTY SHOULD BE BROUGHT TO JUSTICE

Existing Offer Increased for Results By
April 15

\$25,000 REWARD

On June 10, 1937, we offered to pay \$10,000 for information leading to the arrest and conviction of the person or persons who were responsible for the dynamiting of either the Greenbush or Bender Run water lines which were dynamited in the night of June 10, 1937. THAT OFFER CONTAINS UNCHANGED.

We believe that it is of great importance that those guilty of the criminal violations there should promptly be brought to justice, and we again offer an additional sum of \$10,000, or a total of \$20,000, for each information, the additional \$10,000 to be payable only if the person or persons responsible for the dynamiting shall be arrested and found over by the Court on or before April 15, 1938.

If more than one person shall furnish such information, the reward will be divided equitably among the informants.

JOHNSTOWN, PA., JANUARY 20, 1938.

BETHLEHEM STEEL COMPANY

BETHLEHEM REWARD

Newspaper ads put force behind the search for the dynamiters.



CAMBRIA

The Bethlehem plant whose strike started Johnstown's latest flood.

employed as blinds by companies fighting unionization. Bethlehem's attorneys seek to prove that the Johnstown Citizens' Committee was a spontaneous mobilization of business sentiment against the strike.

Business sentiment certainly was against the Cambria strike. Johnstown has a population of 67,000 with a trade area of over 90,000. It has several manufactories but the heart and pulse of the community is giant Cambria. The eight-mile property gives work to 15,000 persons. A shutdown of the plant means a weekly loss of some \$500,000 in normal payroll payments. Any extended closing of Cambria suggests such a calamity that people won't talk about it.

Fight Over Union Recognition

The community is traditionally open shop. When the strike was called, Cambria was running full blast. There was no kick as to wages or working conditions. The struggle was over union recognition. It is claimed that only about 800 of the 15,000 workers belonged to S.W.O.C. Union strategists admit that the strike was badly timed. In the fog of opposing charges certain facts remain clear:

The union was losing the strike; production at the mill was steadily mounting. Governor Earle closed the plant by martial law on rumors that Johnstown was to be invaded by 40,000 of John L. Lewis' United Mine Workers, allies of S.W.O.C. The invasion never materialized. Governor Earle reopened the plant after the Johnstown Citizens' Committee appealed to the country through full-page newspaper advertisements.

Most dramatic example of violence

"COMPTOMETER" does master job for Zenith

THE YOUNG LADY (right) probably doesn't realize that behind the golden tones of her new 1938 Zenith Radio there's an intricate organization . . . with intricate figure-work problems. Behind every figure on Zenith Radio dials, there are thousands of figures on production costs, sales, etc. And all these figures are handled on the "Comptometer"!

22 YEARS AGO the Zenith Radio Corporation started using "Comptometers." Pictured below is one of Zenith's present "Comptometer" batteries — well-lighted, pleasant and efficient. Mr. Samuel Kaplan, Assistant Treasurer, says, "All of our figure work is handled on the 'Comptometer.' This includes costs, payroll, expense distribution, sales analysis, general accounting and statistical work. Our experience with 'Comptometer' methods over 22 years has convinced us that we can turn out our figure work quicker and at less expense with the 'Comptometer.'"



IF YOUR BUSINESS is in need of more economical, fast-moving and flexible methods of handling figure work, a "Comptometer" representative can show you (in your own office, on your own job) how modern "Comptometer" methods save precious minutes and dollars. Telephone your local "Comptometer" office . . . or write direct to Felt & Tarrant Mfg. Co., 1733 North Paulina Street, Chicago, Illinois.

COMPTOMETER

Trade-Mark of Felt & Tarrant Mfg. Co.—Reg. U. S. Pat. Off.

during the strike was the dynamiting of two water mains that fed the Cambria mill. It is hinted darkly that this was a "company job" executed to create sympathy for Bethlehem and put the union behind the eight ball. If so there is a chance for somebody to play a mighty amusing and profitable joke on the company. Because Bethlehem

is advertising a \$25,000 reward for the arrest and conviction of the dynamiters.

So testimony at the Johnstown hearings drags on and on. Some onlookers are amused by the situation, believe that Bethlehem and NLRB are trying to outstall each other. They declare that each side is delaying to prepare for the show-down when an election will be ordered to determine what bargaining agency shall act for Cambria workers.

Cambria's Output Lower

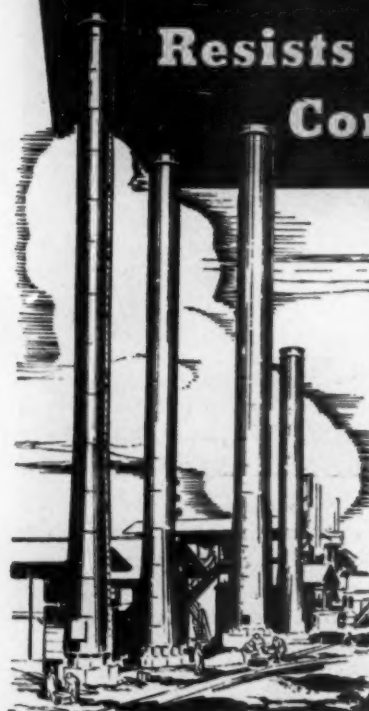
From near-capacity last June, Cambria production has fallen to something over 30%. While the company is stretching jobs to give work to as many men as possible, cuts in the working force have been necessary. If, while being careful to follow a non-discriminatory formula (based on length of service, size of family, skill and other factors), Bethlehem is giving the benefit of any doubts to S.W.O.C. strikers, instead of to workers who stood by it, the management is less intelligent than its record indicates. Johnstown is willing to bet

Having formerly been Vice-President of a well-known American manufacturing company, for some years in charge of its Patent Department, and having during the last few years been engaged in patent law practice, I find I am missing that close contact with manufacturing which I enjoyed formerly. I believe there are organizations which need a man who is a graduate in mechanical engineering, a graduate in law and a member of the bar, a former Examiner in the Patent Office and an experienced patent attorney and executive. I would like to discuss the matter with executives of such organizations particularly firms in the mechanical manufacturing field which are progressive and active in development. I would consider leaving my present successful practice to join up with that kind of organization.

Address PW-258, Business Week
320 W. 42d St., New York City.

BYERS WROUGHT IRON

Resists Smokestack Corrosion



● Regardless of the type of fuel, stack corrosion is inevitable. If your metal stacks average only 6 to 8 years' service, have your engineers investigate the comparative records of wrought iron with other ferrous metals. Then, on your next stack investment, approve your engineer's specification for wrought iron—on the basis of low-cost-per-year rather than initial-lowest-first-cost. Byers Wrought Iron not only resists corrosion, but requires less maintenance; takes a better, more adherent coat of paint. Also does not embrittle from sway motion. "Wrought Iron in Flue Gas Conductors," illustrated technical bulletin, contains complete discussion of conditions and comparative records. A. M. Byers Company. Est. 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston, Seattle, San Francisco.

BYERS

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements



Newsphotos

MAYOR SHIELDS

Witnesses said that Bethlehem contributed \$31,456 for his special police. that by the time an election is ordered "the S.W.O.C. vote can be stuck in your eye."

Bethlehem attorneys produced a number of witnesses to support its contention that a great majority of the workers were against the strike. Orval Smith, a plate mill hand, testified to a petition signed by his gang asking that George Fetzko and three other strikers be denied a return to their jobs. When the company refused to interfere, Smith told of a quickie sit-down strike which forced the management to transfer Fetzko.

The claim is made that the NLRB is stalling to give the S.W.O.C. time to reform ranks shattered by the strike, to sign up as many men as it is able. It is charged that organizers are passing out union cards to anyone who will accept them, including loafers in saloons, the unemployed generally. This will enable the union to claim a maximum number of members in Johnstown, will give the CIO's Washington headquarters something to show federal officials.

Argue over Citizens' Committee

In reviewing testimony at the Johnstown hearing of the NLRB it is difficult to understand why Bethlehem is so coy about its relations with the Citizens' Committee. This group of business men naturally opposed the strike and naturally the company would encourage their stand. Argument concerning the committee rages around three points:

(1) Did Bethlehem surreptitiously create the Citizens' Committee? (2) Did Bethlehem finance the 300 extra strike police mobilized by Mayor Danny Shields? (3) Did Bethlehem finance the Committee's advertising campaign against the closing of the plant by Gov. Earle?

Business men testified before Exam-



*"With this ring
I thee wed"*

The young man who has just been married knows it takes time to acquire those "worldly goods" with which he promised to endow his bride. Meanwhile he must watch his pennies.

Every married man faces this question, "How can I leave my wife and children provided for, should anything suddenly happen to me?" The Metropolitan's Family Protection Policy provides a practical way to help meet this problem.

One popular form of the Family Protection Plan assures your wife \$100 a month income for twenty years — the period when the children are growing up. It then provides \$10,000 in cash or continued income, as desired. Larger or smaller amounts of income can be arranged to fit your budget and expectations.

This Plan affords a comfortable feeling of security to your wife and yourself . . . a strong foundation on which to rest a young couple's bright hopes and ambitions.

The Metropolitan Field-Man, without obligation, will gladly explain the details of this Plan. Telephone the nearest Metropolitan office today, or mail the coupon.

The Metropolitan issues Life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Company
1 Madison Avenue, New York, N. Y.

Without placing myself under any obligation, I would like to have information regarding the Family Protection Plan.

NAME _____

ADDRESS _____

CITY _____ STATE _____

METROPOLITAN LIFE INSURANCE COMPANY

ONE MADISON AVENUE, NEW YORK, N. Y.
FREDERICK H. ECKER, Chairman of the Board
LEROY A. LINCOLN, President



Copyright, 1938, by Metropolitan Life Insurance Company

...A Family Protection Policy

- wife provided for
- children's education assured
- ground laid for retirement income





Newspapers

FRANCIS C. MARTIN
A banker, he headed Johnstown's
Citizens' Committee

iner Bloom that concern over strike developments drove them to form the Citizens' Committee, that it was independent of the company. Bethlehem officials, powerful in the Chamber of Commerce and other organizations, must have known of the move, could not have disapproved.

The Rev. John Hubert Stanton testified to calling the meetings which resulted in the formation of the Citizens' Committee. Rev. Stanton heads a Presbyterian church at Westmont which is on the fashionable "dinner side" of town (i.e. where people go home to dinner in the evening, as contrasted to the "supper side" where they go to evening supper). He described how he got other ministers and business men to the meetings which formed the committee. Francis C. Martin, a banker, was made chairman of the organization. Rev. Stanton was called by Bethlehem, obviously for the purpose of showing there was no collusion with the company in creating the committee. Other members supported this contention.

Testimony on Extra Police

Controversy over the financing of the extra police was clarified last Tuesday. Mr. Martin revised previous statements to testify that the committee received \$31,456 from a Bethlehem official. He said that messengers delivered \$30,000 of this to Mayor Shields for paying the special police and that he personally passed along the remainder. Mr. Martin asserted that he did not tell the Bethlehem executive where the money was going. NLRB attorneys are highly elated by the Martin statement. Company attorneys take the position that, as Johnstown's largest property-owner, Bethlehem was making a legitimate contribution to a legitimate committee in behalf of law and order.

Robert S. Waters, president of National Radiator Corp., handled the famous advertising plan for the committee. He testified to enlisting John Price Jones, New York advertising and money-raising expert. Mr. Jones is a former Johnstown. Considering the plight of his old home town, Mr. Jones went to bat with full-page advertisements that broadened the strike into a national issue. They appeared in New York, Washington, Johnstown and other newspapers. The one headed "We Protest" is credited with having done much toward inducing Gov. Earle to call off his dogs of martial law. Mr. Jones submitted to the Johnstown investigation a list of contributors to his campaign. It showed no contribution from the Bethlehem corporation but there were donations from some of its stockholders.

The Cambria strike lasted nine days. Johnstown business men are wondering if the reverberations will ever die down. There is Examiner Bloom's investigation which goes on and on. When an

election is called to determine the bargaining agency for Cambria workers the controversy will start boiling all over. There are political angles too.

John L. Lewis is demanding a major place on the state Democratic ticket for Lieut.-Gov. Thomas Kennedy, who is secretary-treasurer of the United Mine Workers of America. Pennsylvania's attorney-general, adroit Charles J. Margiotti, has announced that he is after the Democratic nomination for governor. Mr. Margiotti is investigating that dynamite job on the Cambria water mains—and wouldn't Mr. Lewis' face turn red if the explosions were pinned on some member of his miners union?

All this tumult is especially tough on Johnstown retailers. The hills thereabout are peopled by miners, all staunch supporters of Mr. Lewis and hence of his Steel Workers Organizing Committee. Storekeepers in cities competing with Johnstown are keeping vividly before their miner customers the part Johnstown business men played in busting the Cambria strike.

Bridges Fights on Two Fronts

In his West Coast bailiwick, farmer opposition threatens disruption of the "march inland," while in Washington deportation demands are pressed.

HARRY BRIDGES, Australian-born Pacific Coast C.I.O. longshore leader, may have a fight on his hands in Washington to defend his right to remain in the country, but he's faced with a harder fight at home to retain the outposts of his "march inland" in the face of onslaughts by the thoroughly-aroused farmers.

Bridges lost his latest battle on the farm front last week when he was forced to withdraw his ultimatum that his longshoremen wouldn't load wool on ships unless it carried a label certifying that it was cut by C.I.O. shearers on the sheep ranches.

The organized wool growers, employing the tactics used so successfully by the aggressive Associated Farmers, Inc., attacked Bridges from the rear. They served notice on the Waterfront Employers Association of the Pacific Coast (with whom Bridges' longshoremen have contracts) that in view of Australian Harry's "unfortunate" ruling, the \$800,000 they usually pay intercoastal shipping companies annually for transporting some 35,000 tons of wool, would be diverted to the railroads this year.

The Waterfront Employers found the stake big enough to force the issue with Bridges. They announced that all wool delivered to Pacific Coast docks would be handled "irrespective of any threats to the contrary which may have been made by any union officials."

Rather than risk loss of the \$75,000

in longshoremen's wages which is involved in the wool traffic and influenced by the wire from the New England Longshoremen's Association to the effect that the wool stoppage would result in five months' layoff for 100 longshoremen on the Atlantic Coast, Bridges backed down.

So far, the farmers have been quite successful in thinking up an answer for each of the C.I.O. leader's moves. The Harry Bridges issue, in fact, is proving



Wide World

HARRY BRIDGES
Deportation talk helps the opposition.

NOW! A REVOLUTIONARY NEW *MONEY* TRUCK TIRE *SAVING*

HERE'S THE BIGGEST
TRUCK TIRE NEWS
IN 10 YEARS!!

- ★ It does NOT get dangerously hot
- ★ It licks load and speed problems
- ★ It practically eliminates sidewall breaks
- ★ It carries no premium price

It's startling but it's true! Goodrich has a new truck tire that positively does not run dangerously hot—a tire built to stand up under peak loads and high speeds—a tire that actually runs two and three times longer on "tire-killer" hauls.

The secret of this amazing performance lies in an utterly different type of construction. Goodrich engineers discarded old ways of doing things. Developed an entirely new kind of cord. Hi-Flex Cord. A compact cord, smaller in diameter, yet containing as much cotton as the thick cord now universally used.

Ordinary cord stretches under constant flexing. Grows longer, takes a permanent set. That's what causes tires to "grow," to become flabby.

NEW LONG-LIFE CORD

Hi-Flex Cord is elastic. It gives under flexing, then returns to its original length. It retains its "life" and strength through thousands of miles of pounding, battering service on the road.

This compact Hi-Flex Cord makes it possible for Goodrich to build a tire of super-strength, yet a tire that is not too thick, heavy, or bulky. A tire that runs COOLER.

EXCLUSIVE WITH GOODRICH

Only Goodrich uses this Hi-Flex Cord. Only Goodrich can give you the combination of these three exclusive features which, working together, make the new Goodrich truck tire today's best buy:

- 1 **PLYFLEX**—which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—which protects the short plies from tearing loose above the beads.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

These new Silvertowns have been used on tire-killing jobs where no tires would stand up. Tested on the toughest cross-country bus runs. What did they find? That they ran 2 and 3 times longer than the best tires used before!

NO EXTRA COST

Now you can get these tires for your trucks and buses. If you have a tough job, your tire bill will dive downward. On any job you'll save plenty. And there is no premium price to pay.

Every Goodrich dealer now has these extra quality Silvertowns at no extra cost. Look under Goodrich in the phone book. Make that money-saving call today.

Goodrich *Triple Protected* **Silvertowns**

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

a boon to the busy organizers of the Associated Farmers of the Pacific Coast. The current agitation for his deportation, with all the newspaper publicity it receives, has brought farmers into the A.F. fold in droves during the last three weeks not only in California but in Oregon and Washington. "Indignation meetings" are being held in which the longshore leader is violently denounced as a "dangerous alien" and his "march inland," with all that it means to the farmers, is explained by charts and maps (BW—Sep 18 '37, p. 56). Particularly important was a meeting of the A.F. board of directors in Los Angeles Feb. 25 where details of an offensive program "to clear the road to market" were formulated. This includes the machinery by which the farmers will, if necessary, transport their own products to shipping points.

The significance of all this is that the A.F., already one of the most influential groups on the Pacific Coast, is rapidly strengthening its position and that, for the moment, its activities provide the harried Mr. Bridges with one of his toughest problems.

Taking a more dispassionate point of view than the farmers do, most Coast business men who have had direct contact with Bridges during the past few

years doubt that he will be shipped "down under" by Uncle Sam—at least, not as long as Frances Perkins is Secretary of Labor, for despite the fact that most of the deportation demands have been made to embarrass her as much as Bridges, it is clear that she intends to stick by her earlier convictions and quash every deportation move.

The popular conviction that Bridges is a communist may be deeply rooted, but as a matter of fact most of the business men who have had intimate contact with the Australian doubt that he is a member of "the party." They will tell you that Bridges withdrew when "the party" decided it was the strategic thing to do—about two years ago. In substantiation, they point to Bridges' outspoken denials and his recent demand to appear before a Senate investigating committee at Washington. They point out that, three years ago, Bridges refused even to discuss charges that he was "a communist;" that today he is demanding the "right" to discuss them.

Business observers who have the whole picture emphasize that, during the 1934 maritime strike, Bridges took little pains to conceal his association with "his communist advisers" (as they call them); that he spent as much time at Communist Party headquarters in San

Labor's Middleman?



Underwood & Underwood
GEORGE HARRISON

IN RECENT WEEKS there has been a dearth of headlines about labor's problem of reconciling its two great warring federations. But this belies the many off-the-record conferences of business and labor leaders which are constantly going on in an effort to settle the A.F.L.-C.I.O. war. The sentiment that seems to be gaining strength is to build a brand-new house of labor, and open the door to both sides—rather than try to merge one within the other.

George Harrison of the A.F.L. Railway Clerks Union is the man most frequently mentioned as president of such an amalgamation. Philip Murray and Sidney Hillman are men on the C.I.O. side whose support would be sought as a first step.

Francisco as on the waterfront; that during the birth of the Maritime Federation of the Pacific, of which he was a moving spirit, Sam Darcy, once Communist Party candidate for governor of California, and then head of "the party" in the west, was an active, behind-the-scenes, adviser.

During the 1936-37 shipping strike, the organized Communist Party played a well-submerged role and there was no evidence that Bridges was in consultation with party leaders.

Although there is no doubt that Bridges has built a strong organization, with men trained to "take over" if and when Bridges vanishes from the scene, business observers believe that, without the nervous Australian, the "spark" would be lacking and the organization would crumble. In view of this belief, and the almost universal conviction that the Bridges group is composed of "dangerous communists" (and that really is the attitude of the average Coast business man) the current efforts in Washington anent Harry's right to remain here, are being watched hopefully, but in the light of experience, skeptically, by Coast business.

LABOR ANGLES

Profit-sharing plans for executives, apparently, work out more successfully on the average than do similar plans for wage earners. Whereas a recent survey by the National Industrial Conference Board showed a high mortality rate among wage-earner plans (BW—Jan 8 '38, p. 30), a study by the same agency of 84 plans aiding executives reveals that only eight companies have abandoned the idea.

From all indications, the Ford case is going to be one of the historic high-spots in the unionization drive, with many agencies taking a hand on one side or the other. Advancing in support of Mr. Ford, a luncheon club at Dearborn, Mich., this week mailed blank petitions to clubs and individuals throughout the country, seeking signatures. The club, known as Dearborn Pioneers Club, aims at 2,000,000 names, and hopes to take them all to President Roosevelt on March 25, with a statement that Mr. Ford is being "unjustly attacked and unfairly criticized" and urging the President to settle the differences between labor and industry and "lead us from the brink of a new depression."

The Princeton University industrial relations section, under Prof. J. Douglas Brown, has just finished a job that needed doing. Packed into a handy-size, 22-page pamphlet, a modern library for personnel, industrial relations, and public relations executives is described as of February, 1938. The booklet is very complete and comprehensive, sells for 25¢, and can be

had by writing the school at Princeton, N. J.

Two weeks after the event, ripples from the splash made at Chicago by the American Management Association meeting are still evident in smaller industrial relations sessions. Hard-boiled observers were impressed by the size of the meeting (more than 1,200 business management people) and by the trend toward frank discussion. Speakers found that questions from the floor were too numerous to handle during scheduled sessions, and after-supper meetings were arranged as extra attractions. The A.M.A. is preparing a digest of the proceedings, for early distribution.

An interesting problem in legalism and realism is building up with the continuation of the A.F.L. drive to expel C.I.O. sympathizers from state federations. In Pennsylvania, for instance, where William Green ordered a purge and where C.I.O. took over the federation, the question up to the employer is: "Does an A.F.L. contract go with the men who join C.I.O. (if they are in the majority) or does the A.F.L. still hold bargaining rights?" Who, too, has a right to the books and treasury of the local union? C.I.O. is all ready with the answers, including full legal references to court decisions, and Lee Pressman has so informed the National Labor Relations Board. The industrial unionists intend to fight for full recognition of any majority groups which may switch over from A.F.L.

CHRYSLER'S AIRTEMP AGAIN MAKES NEWS IN AIR CONDITIONING!

New Radial Compressor Cuts Costs of Large and Small Installations

LOWER INSTALLATION COST...Even the largest size machine can be installed in almost any unused floor space.

LIGHT WEIGHT...New design permits reduced weight per ton of refrigeration.

SMOOTH RUNNING...Perfect dynamic balance for freedom from vibration and noise.

GREATER CAPACITY...Provides more tons of refrigeration per horse-power used.

INCREASED EFFICIENCY...Lower operating cost...better performance.



The most sensational news about air conditioning that ever rolled off the presses—Airtemp's history-making Radial Compressor!

FOR LARGE AIR CONDITIONING INSTALLATIONS

COMPARE Airtemp's Radial Compressor with others! Mounted radially on the shaft, multiple cylinders require less room. Belts, pulleys, flywheel are eliminated. Automatic unloader permits starting without load...general purpose motors used.

This revolutionary Airtemp compressor operates at standard motor speeds (1150-1750 RPM)...produces more cooling for every unit of horse-power used.

Get the complete story on this history-making engineering achievement. You'll find



C.R. Neeson of Airtemp shows the new compressor design to F.A. McKowne, President Hotels Statler Co., Inc.

radial compressor units for installations of 10 to 925 horse-power. Write AIRTEMP, INC., 1124 Leo Street, Dayton, Ohio.

FOR SMALL AIR CONDITIONING INSTALLATIONS

AIRTEMP'S Radial Compressor has made possible a complete, All-In-One air conditioning system that occupies only 20" x 33" of floor space. Three connections—a flick of a switch and you have cool, filtered, dehumidified and circulated air...at low cost. The unit is as movable as any store equipment.

Get ready for summer now. 2,000 users have already proved it pays to use the All-In-One Air Conditioner...boosts sales during usually dull summer months. See it at your Airtemp Dealer's now.



AIRTEMP ALL-IN-ONE AIR CONDITIONER

1 Overhead Air Distribution—4-way directional control. 2 Filter—Dynamically balanced fan, sound-insulated air chamber. 3 Dehumidifier and Cooler—Removes excess moisture...cools air scientifically. 4 Replaceable Filter—Removes dust, dirt and lint from the air. 5 Return Air Grille. Located so objects on floor cannot obstruct air intake. 6 Frost—The safe refrigerant is used. 7 Airtemp's Exclusive Radial Compressor—History-making advance.

\$697.50

F. O. B. DAYTON—For standard 3-phase, 60-cycle current. Installation additional. Also available in larger size models at proportional cost. Type and size of space determine number of units required. Prices subject to change without notice.

CHRYSLER'S AIRTEMP

MODERN AIR CONDITIONING

Gas Company Installs Modern Movable Walls With No Interruption Of Work

A YEAR AGO, Mr. Woodbury Hale, Manager of the Boston Consolidated Gas Building, erected his first J-M Transite Walls in a small office. The installation was so highly satisfactory to both Mr. Hale and his tenant that, when extensive remodeling of the Gas Company's own offices was planned, Transite Walls were again selected for the job.

On this new remodeling job, it was essential that the exacting work of the auditing department go on as usual while the new partitions were installed. Disturbance had to be kept to the absolute minimum.

The unique construction method employed in erecting Transite Walls solved the problem. The entire installation, covering 12,000 sq. ft. of floor area, was made with virtually no noise, dirt or disturbance.

Another feature that Boston Consolidated Gas considers a decided advantage is the fact that future changes in layout can be made with the same ease and without interruption of business. Furthermore, relocation of Transite Walls is decidedly economical because, while they provide all the solidity and privacy of fixed walls, materials are 100% salvageable.

Permanence is provided by the asbestos-cement composition of Transite Walls. Fireproof and rotproof,



THIS CORNER of the newly remodeled offices of the Boston Consolidated Gas Company shows free-standing J-M Transite Walls used with glass. Any type of partition... solid, dwarf, or floor-to-ceiling... can be quickly and easily installed with Transite.

this adaptable material takes any decorative treatment. Paint, fabric, veneer, lacquers... can be applied to suit needs or preferences. Or walls may be left in their natural finish—a pleasing neutral color.

For the solution to your office-partitioning problems, send for the new Transite Walls brochure. It contains complete information, including scores of drawings and photographs. Write Johns-Manville, 22 East 40th Street, N. Y. C.

MARKETING ANGLES

Old Gold's picture puzzle contest, which finished up last summer, broke more than its share of records (*BIW*—May 22 '37, p. 25). It paid out the fabulous sum of \$200,000 in prizes. It had 2,000,000 entrants. It sent Old Gold sales up 100% while it was going on, and they stayed up 30% after it was over. Old Gold Contest No. 2 finished up last week, and handed out \$250,000 in prizes—which was evidently the only record broken this time. Old Gold said it was well pleased with the results, refused to divulge any of the contest's vital statistics, and decided not to have any more contests for a while. All of which adds up to the fact that the public apathy towards Contest No. 2 was about equal to the public enthusiasm for Contest Number 1.

A popular pastime this season is shouting "Boo!" at the radio industry. Rep. John J. Boylan last week revived a bill to tax broadcasting stations according to the number of watts they used—\$1 a watt up to 1,000, \$2 up to 10,000, \$3 over 10,000. Revenues from such a tax would top \$5,000,000, would more than pay the expenses of the Federal Communications Commission, and, incidentally, would put a few broadcasters out of business entirely. (WLW, for example, would be hit for \$1,500,000 annually.) In the New York State Legislature, Rep. John T. McCall introduced a bill to put control of broadcasting in the hands of the State Public Service Commission. In Washington there was talk of a system of government super-power stations. The FCC was promising investigation of the chains by next month.

J. Stirling Getchell's *Picture* magazine has folded up with its second issue. *Picture's* paper and printing were expensive, and *Picture's* frosty welcome on the news stands is partly accounted for by *Click*, which hit the stands just a few days ahead of it. The wobbling *Literary Digest* sus-

pended publication last week as well, supposedly for only a few weeks, possibly for good.

The Federal Trade Commission, engaged in a study of radio, clothing, drug and cosmetic prices, to determine whether they have gone up under "fair trade" laws has already announced that when it reports to the President the answer is going to be yes. To offset the FTC conclusions, "fair trade's" proponents began dragging out surveys of their own to prove that prices were not going up, but down. The National Association of Retail Druggists released figures on a survey it had taken in 1936 to show that prices had dropped 6.7% due to "fair trade." New York and Illinois druggists set to work on local surveys. Squibb turned up with a survey of five years of maintained prices in California to show that prices were up on only six items, the same on 20, lower on 114. Johnson & Johnson reported that its Baby Powder was selling for two or three cents less under "fair trade" in Rhode Island. Listerine, in Rhode Island, announced it was down the same.

Ostensibly repudiating the time-honored theory that the better buyer deserves the better price, Dr. West's becomes the first and "only advertised tooth paste that pays a full 33-1/3% profit from the minimum fair trade price in quantities as low as one dozen." This single price policy means that the smallest independent and the biggest chain buy Dr. West's 40¢ tube of paste at 22¢ for resale at a minimum price under the fair trade laws of 33¢, thus netting at least 50% markup on cost. Such a rigid price control plan may be sweet music to the independent's ear, but it doesn't follow by reverse logic that it is wholly anathema to the big buyer, for despite the elimination of quantity discounts, he can still count on advertising allowances and "push money" payments.

33-1/3% PROFIT

GUARANTEED ON THE ESTABLISHED MINIMUM FAIR TRADE PRICE...



THE ONLY TOOTH PASTE THAT PAYS A FULL 33-1/3% PROFIT FROM THE MINIMUM FAIR TRADE PRICE... GUARANTEED ON THE ESTABLISHED MINIMUM FAIR TRADE PRICE...

THE ONLY TOOTH PASTE THAT PAYS A FULL 33-1/3% PROFIT FROM THE MINIMUM FAIR TRADE PRICE... GUARANTEED ON THE ESTABLISHED MINIMUM FAIR TRADE PRICE...



The New DR. WEST'S TOOTH PASTE 40¢

Chains Give More Aid to Farmers

Develop improved methods of moving agricultural surpluses. Just now they're cooperating in the orange-growers' first united campaign.

For more than a quarter of a century the pioneer California Fruit Growers Exchange, first of the big marketing cooperatives, has been carrying on aggressive promotion work to sell oranges.

For the past decade, Florida growers have benefited from similar services performed for them by the state Citrus Commission.

More recently, the orange growers of Texas and Arizona have also turned to the advertising columns to expand the market for their produce.

Result: in the past two decades the orange has emerged from the toe of the Christmas stocking and taken its place as item number one on the American breakfast menu. Spectacular as the results of past promotion work have been, growers are convinced that present achievement does not represent the ultimate consumption destiny to which the orange can be raised. Hence, this week for the first time in history the orange growers are substituting cooperation on a national scale for the sectional competition which has become almost a classic in marketing annals.

Drive to Market Crop

During the week which began Feb. 24, again for a week beginning Mar. 24, and finally for a week beginning Apr. 24, the National Association of Food Chains will cooperate with the growers in California, Florida, Texas,

Example of Chains' Help

Chain store campaigns to move agricultural surpluses are splendid goodwill gestures. But do they sell goods?

Uniformly, the growers say yes, and C. B. Denman, president of the National Livestock Marketing Association, supports this with facts on the chains' beef campaign in 1936.

The drought situation led to a request for chain aid from the packers and the cattle raisers in the middle of June. During July, while the campaign was being laid out, prices dropped steadily. In the week ending July 8, steers of "good" grade were selling at \$8.00 per cwt. By the first week of August, when the month-long drive got under way, they had dropped to \$7.50. By the third week of August they were back up to \$8.25, and by the middle of September after the drive had ended they had risen another 45¢.

Prices were boosted despite an increase in slaughterings over 1935—a 24.5% increase in July, and a 15.9% increase in August.

Total consumption of beef and veal in August was 11.1% higher than a year earlier. Part of this increase was due to lower prices, which averaged about 8% less for the month than in August, 1935; but cattlemen credit the chains in large measure for obviating a catastrophe.



C. C. TEAGUE

Connell



JOHN A. LOGAN

Underwood & Underwood

Mr. Teague, president of the National Cooperative Council and the California Fruit Growers Exchange, and Mr. Logan, executive vice-president of the National Association of Food Chains, are the two men who pioneered the original plan for farm-chain cooperation, and remain key figures in any national campaign initiated with the purpose of moving crop surpluses.

More profitable business

Your business becomes more profitable when you decrease the unit cost of selling.

For many a product, advertising has done that. But it must be properly applied, with the right marketing background.

A competent advertising agency knows when, where, and how.

Newell-Emmett
COMPANY

Advertising Counsel

40 EAST 34th ST., NEW YORK

**GUESS I'LL
GIVE THESE PEOPLE
A CALL!**

After your sales-
man's call, REDI-
POINT will act as
a ~~constant~~ useful
reminder of your
company and your
product or service.

Let us outline a
REDIPOINT Plan
for your business

One hand
operates it

Automatic
Pushback
Saves Load-
and
Pockets

Redipoint.
BROWN & BIGELOW
Remembrance Advertising
SAINT PAUL • MINNESOTA



RAYMOND W. MILLER

Long identified with farm organization and cooperative marketing activities on the coast, this Linden, Cal., farmer is Braun's liaison man in organizing the chain store drives.

and Arizona in a drive to move a bumper crop to market at prices that will reflect an otherwise unrealized profit to the grower, an earned compensation for the distributor, and a real buy for the consumer. Although not members of the N.A.F.C., the Great Atlantic & Pacific Tea Co. and the Kroger Grocery and Baking Co. will participate in the campaign; all told, some 130 chains with over 50,000 stores will be active in the drive.

Growers are confident that when the campaign is ended a new high in orange consumption will have been set. This confidence is born of the fact that the food chains have yet to fall down on any of the drives which they have been scheduling for the past two years to move agricultural surpluses.

These campaigns were first initiated by the chains in 1936 to win the farmer as a new ally in their increasingly desperate fight against restrictive state and national legislation. Selfish interest is a dominant motive in the continuance of these campaigns, but it's an enlightened interest which not only seeks to show how costs from producer to consumer can be cut by mass distribution that is really *mass*, but which also seeks to prove that salesmanship can vitally affect economics.

Federal Government Interested

The government, which had to purchase 2,500,000 steers to relieve the ravages of the 1934 drought but only 5,000 cattle in 1936 when the chains unlimbered their big guns, is more than idly interested in the thesis that the farm problem can be solved and the consumer's plight ameliorated not by producing less but by selling more. Again, the government is interested

in many of the significant byproducts of the campaigns. That's why a representative of the Department of Agriculture frequently attends the organization meetings which precede any big drive and which have brought together growers of the same crop from various sections of the country for their first joint discussion of mutual problems—the government's production control program, cooperative marketing, types of produce, and techniques of growing. That happened with the egg and apple producers—always notoriously disorganized—and it happened again with the bean growers whose campaign was just concluded a month ago.

Results of Turkey Survey

The turkey campaign in the fall of 1936 showed what kind of byproducts frequently eventuate. A survey of consumers indicated that 73% of the demand was for birds weighing less than 13 lb., while producers, traditionally intent on fattening up their fowls, had been going blissfully ahead supplying a greatly disproportionate number of 15 lb. and 20 lb. turkeys. Further, it was discovered that the South was particularly insistent in its demand for small birds, while the Middle West was the best market for the top weights.

The survey also emphasized the possibilities for developing a demand for turkeys at times other than the holiday seasons; it suggested the desirability of selling large-sized birds by the half; it showed that the majority of chains preferred to buy in mixed carloads containing birds of varying weight and grade rather than on straight order for fowls of uniform weight; lastly it underscored the necessity for improved packing and laid down specific shipping recommendations.

Field Investigations Made

The National Association of Food Chains will not stage a campaign for every Tom, Dick, and Harry who finds himself with two extra sows in the sty or an unwanted shedful of produce. It recognizes the danger of working a good horse to death and it realizes that it can't impose on store managers every day in the week if it expects his full merchandising cooperation. Consequently it doesn't run to the rescue every time some grower cries wolf, but if field investigation shows that a large number of fellow growers of the same crop are similarly faced with threats of an unmarketable surplus, the association will aid the growers in the preparation of those requests for regional or national assistance which the association insists must clear through duly designated agricultural agencies.

The principal farm organization with which the chain association works is the National Cooperative Council, whose president, C. C. Teague of the

California Fruit Growers Exchange, first mapped out the pattern of farm-chain cooperation with John Logan of the chain association. That pattern remains essentially what it was when it was first conceived two years ago, but at a meeting with the agricultural leaders in Chicago during the food conventions in January, the requirements which must be satisfied before any cooperative effort is initiated were materially tightened up.

The principal requirement is that prevailing market prices must be lower than the cash production value of the crop whose growers are soliciting aid; in other words, the growers or producers must show that unless helped, they would actually lose money. This requirements ensures that all sales shall be *bona fide*, featuring prices which will not bilk the consumer but will simply suffice to protect the farmer against bankruptcy. Again, the growers must show that they can control the flow of the commodities to market. Finally, if aid is solicited on a national scale, the growers must show that the surplus crop condition confronting them is typical of the national situation and that they are truly representative of the entire growing industry.

Drives Undertaken by Chains

During 1937, the chains staged national campaigns on the following commodities: fresh and canned grapefruit (at different times), fresh and canned peaches, lamb, eggs, apples, walnuts, and prunes. Other campaigns, of varying dimensions but of less than national stature, were staged on the following: turkeys, avocados, Washington State apples, canned peaches, Florida



T. W. BRAUN

As a chain store public relations counsel, he is the moving spirit behind the farm campaigns on the West Coast, where they flourish on the biggest scale.

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anges, cheese, potatoes, Idaho cher-
ries, canned tomatoes in the North-
west, sweet potatoes on the Atlantic
seaboard, grapes, cranberries, tanger-
ines, and cotton for bagging.

An appreciable number of these
campaigns involved crops and markets
on the West Coast where the whole
chain-farm cooperative program has
been brought to its highest point of
development, thanks to the astute work
of T. W. Braun & Co.—the same com-
pany which rendered yeoman service in
defeating California's proposed \$500
chain store tax at popular referendum
more than a year ago. So closely inter-
twined are the interests of the farmers
and the chains on the West Coast that
Ted Braun's outfit successfully serves
them both. Mr. Braun's principals,
who retain him as public relations
counsel and pay his fees, are the chains
—collectively and individually—but in
effect he serves the growers also, for
he retains as his public relations
counsel Agricultural Trade Relations,
Inc., which keeps a zealous tab on the
farm situation and aids the growers
in preparing the economic data which
must accompany their request for aid,
addressed usually to the Western States
Chain Grocers Association.

Promotion Job Is Thorough

Regional or national, the chain cam-
paigns don't miss a promotion trick.
First of all, there is space advertising.
Copy and layouts are prepared by the
headquarters organization, inserted and
paid for by the local chain, which fre-
quently supplements the schedule with
its own advertising. In the 1936 beef
campaign, 44 chain systems spent
over \$2,000,000 on 300,000,000 indi-
vidual advertisements. In addition to
the space insertions, 33,000,000 hand-
bills were distributed in that campaign.
Publicity on the radio and in the news
columns is always worked to a fare-
thee-well, featuring recipes and menus.
But essentially it is the man-behind-the-
counter who makes the campaign click
—with posters, pennants, banners,
window and store displays, but most
effectively of all with the potent word-
of-mouth advertising.

Impressed with the immediate suc-
cess of the corporate chain store pro-
gram, the independents, including the
voluntaries, set up the machinery to
render similar aid to the farmers a lit-
tle over a year ago. But the chains
aren't worried about the possible alien-
ation of the farmers' affections, despite
the moderate successes which the in-
dependents have scored here and there;
for they say that fundamentally any
campaign hinges on the support it gets
at the point of sale, and while they can
tell their man-behind-the-counter what
to do and when to do it, the general
staff of the independent grocers has no
such guarantee of cooperation.



A "HIDDEN TAX"

**BUILDING COST STUDIES DISCLOSE WHAT
AMOUNTS TO A "HIDDEN TAX" ON CONCRETE**

**COSTS REDUCED 38¢ TO \$1.49 A CU. YD. BY
ESTIMATING CHEAPEST ERECTION SCHEDULE**

BUILDING-COST studies, made
available for the first time in Lone
Star's new book, "Cutting Concrete
Costs," indicate that engineers and con-
tractors often pay what amounts to a
"hidden tax" on concrete. Not in the
form of a tax, of course—but in excess
costs that can readily be saved, simply
by estimating the erection schedule which
shows the lowest overall cost of time, forms
and cement.

This new book, to be issued March
24th, outlines a quick, easy method of
estimating rock-bottom building costs on
any concrete structure. Contractors' own
cost figures show savings of 38¢ to \$1.49 a
cu. yd. of concrete with this method.

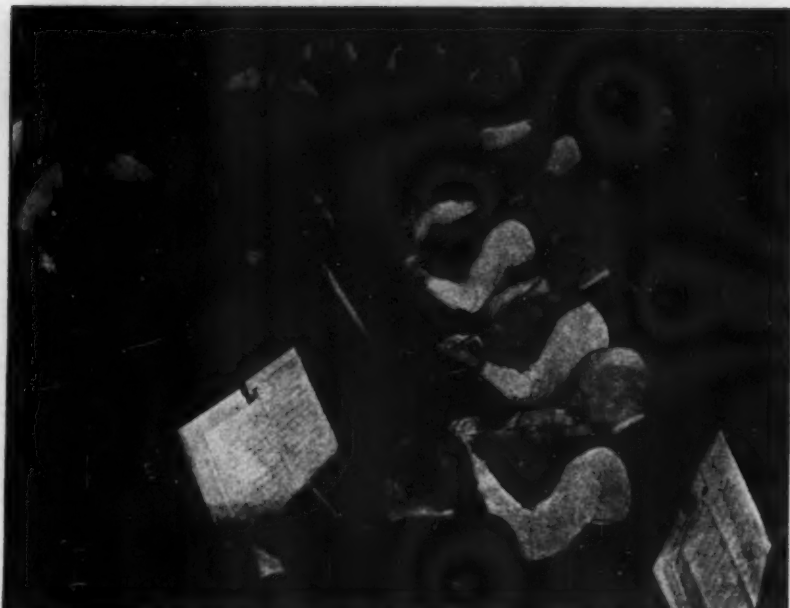
The principle involved is simple: the
contractor sets up various erection sched-
ules, then compares the value of the time
saved against the cost of saving it. In
some cases, faster schedules are cheaper;
in others, the reverse is true. Which
means that on some jobs 'Incor' 24-Hour
Cement, which is self-supporting in one-
fifth the usual time, gives you maximum
economies; on others, Lone Star Cement
is the better buy.

Tell your contractor to use Lone Star
or 'Incor'—whichever shows the lowest
cost. Write for copy of "Cutting Concrete
Costs." Lone Star Cement Corporation,
Room 2291, 342 Madison Ave., New York.

*Reg. U. S. Pat. Off.

LONE STAR CEMENT CORPORATION

MAKERS OF LONE STAR CEMENT... 'INCOR' 24-HOUR CEMENT



Rehearsals are held every Friday evening from the middle of September to the end of May in a big, barnlike room on the 10th floor of the Lytton Building.

Ameri-Candid



Wayne Sagers (Public Service Co. of Northern Illinois) and French horn.



Sydney James (Chief Engineer, The Underwriter's Laboratory) and Avern B. Scolnik (attorney). Mr. James is concertmaster.

Chicago Business Men's Orchestra

BACK in 1917 twenty Chicago business men—members of the University Club—got together and formed an orchestra. For two years they fiddled and tooted with earnestness but indifferent success.

Then the late George Lytton, of Henry C. Lytton & Sons, joined the orchestra. To his fellow musicians he said, in effect: "Fellows, this is fun all right, but what we need is more members and a conductor."

Accordingly, a professional conductor was employed, two other orchestras were fused with the original, and Mr. Lytton made available a permanent rehearsal hall. The result today is one of the world's finest amateur symphonic orchestras, with an active playing roster of 115, and a long waiting list from which occasional vacancies are filled. This season is perhaps the orchestra's most successful. Three concerts have been played to packed houses. Fourth, and last of the year, is scheduled for Chicago's Orchestra Hall on May 2nd.



Otto Schmidt (Central Freight Association), David Handler (Continental Illinois National Bank & Trust), and Karl Stecher (dentist) discuss the merits of violins.



Hubert Conover (Dempsey Detmer Investment Co.), one of fourteen cellists.

NEW YORK LIFE INSURANCE COMPANY

A Mutual Company Founded April 12, 1845... Incorporated in the State of New York... 51 Madison Avenue, New York, N.Y.

THOMAS A. BUCKNER, Chairman of the Board

ALFRED L. AIKEN, President

A BRIEF DIGEST OF THE 93rd ANNUAL STATEMENT, DECEMBER 31st, 1937

During the year 1937 the Company paid to policyholders and beneficiaries \$191,000,000, bringing the total of such payments for the past ten years to over two billion dollars... New insurance issued, \$477,000,000, an increase of \$26,000,000 over 1936...



Insurance in force, \$6,770,000,000, a gain of \$109,000,000... Included in liabilities is a Special Investment Reserve of \$40,000,000, and a Reserve of \$39,900,000 for dividends to policyholders in 1938... Surplus for general contingencies, \$124,000,000.

ASSETS

Cash on Hand, or in Bank.....	\$64,231,858.43
United States Government, direct, or fully guaranteed Bonds.....	512,366,999.54
State, County and Municipal Bonds.....	254,845,789.65
Canadian Bonds.....	59,771,724.10
Railroad, Public Utility, Industrial and other Bonds.....	576,334,340.82
Preferred and Guaranteed Stocks.....	81,644,201.00
Real Estate Owned (Including Home Office).....	140,989,034.62
First Mortgage Loans on Real Estate (Including \$2,265,334.31 foreclosed liens subject to redemption).....	414,284,562.41
Policy Loans.....	355,265,818.60
Other Assets.....	61,581,687.19
TOTAL.....	\$2,520,350,216.36

LIABILITIES

Insurance and Annuity Reserve.....	\$2,063,058,950.00
Present Value of Future Instalment Payments....	112,285,214.65
Dividends Left with the Company at Interest....	107,197,578.67
Other Policy Liabilities.....	14,915,390.91
Premiums, Interest and Rents Prepaid.....	11,072,545.41
Miscellaneous Liabilities.....	2,850,269.51
Special Investment Reserve.....	40,000,000.00
Reserve for Taxes.....	4,972,037.23
Reserve for Dividends payable to Policyholders in 1938.....	39,909,051.00
Surplus funds reserved for general contingencies.....	124,039,178.90
TOTAL.....	\$2,520,350,216.36

As prescribed by the State of New York, bonds eligible for amortization are carried at their amortized values. Other bonds and guaranteed and preferred stocks are carried at market values as furnished by the National Association of Insurance Commissioners. \$36,984,088.90 of securities, included above, are deposited as required by law.

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Educational Counsellor of
National Broadcasting Company

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J. BARSTOW SMULL
Vice-President,
J. H. Winchester & Co., Inc.

PERCY S. STRAUS
President,
R. H. Macy & Co., Inc.

New Products—New processes, new designs; new applications of old materials and ideas.

To its line of plug and ring gauges, Detroit Tap & Tool Co., Detroit, is adding a line of thread plug gauges made of wear-resisting "Crobalt," a cast alloy consisting basically of cobalt, chromium, and tungsten. Experimental gauges indicate a useful life up to six



times that expected from gauges made of conventional materials; Crobalt's low thermal coefficient should assure accuracy under varying temperatures.

THOUGH patents applied for have not yet been issued, Reed Unit-Fans, Inc., New Orleans, is wasting no time between now and hot weather in the manufacture of its new "Shut-O-Vent" for installation in the suction boxes of its attic fans. Shut-O-Vent is an automatic shutter which forms a positive and insect-proof seal between living rooms and attic when the fan is off. When the fan is turned on, louvres open quietly and stay open until a time switch (optional equipment) tells the whole outfit to close down. Louvres then close as quietly as they opened.

By looping the felt filter in the new "Rotiform Respirator," the inventor makes possible a filtering surface of more than 30 sq.in. and consequently low breathing resistance. When clogged with collected dust to a point where



breathing resistance increases, it is easily cleaned by blowing compressed air into the core. U.S. Bureau of Mines has given its approval of the device to Willson Products, Inc., Reading, Pa., for protection against "Type A dusts" such as silica quartz, aluminum, iron ores.

CANDID camera enthusiasts will welcome the new "Minicam" negative film now being marketed by Minicam Co., 3150 Wilshire Blvd., Los Angeles. Designed on loose-leaf principles, 40 tough transparent envelopes will house 40 complete standard 35 mm. rolls, or 1,440 individual exposures. Films, which lie flat in strips of nine frames each, may be viewed without removal from the file. The user does not even need to hold them up to the light; a heavy metal-lined cover serves the double purpose of reflecting light to the films and keeping them flat.

CANDID camera enthusiasts will also welcome a new photoflash lamp so small that 18 of them can be carried in a man's coat pocket. As developed by Westinghouse Electric & Mfg. Co. at its Bloomfield (N.J.) Works, the bulb has an ignition filament which burns out before the lightgiving metal foil and wire, thus saving drain on battery cells. Timing is the same as standard flash lamps.

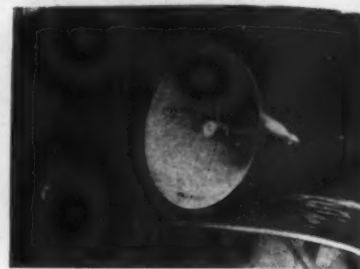
FORTY watts of electricity per hour will operate the new filter type "Ilgaerator" of Ilg Electric Ventilating Co.,



2850 N. Crawford Ave., Chicago. The unit, which may be installed quickly in any sliding sash window, includes a fan capable of supplying 250 cu. ft. of air per min., and a replaceable filter which promises to show 98% plus efficiency in trapping air-borne dust, soot, and pollen. Regulators control fresh air volume and direction.

INSURANCE records show that more than a score of airline attendants were injured during 1937 in falls from airplane wings while engaged in fueling transport tanks. To scotch these falls before they begin, T. L. Siebenthaler Mfg. Co., 410 West 6th St., Kansas City, Mo., has developed the "Speedee" fueling valve, a leak-proof unit which fits into the bottom of a fuel tank for bottom filling.

NEWEST loudspeaker for outdoor public address work will be unaffected by weather and will withstand repeated immersions in salt water. University Laboratories, 191 Canal St., New York, point out that a single bolt will mount the loudspeaker with sufficient rigidity



for high efficiency reproduction of both speech and music. Bell opening is 24 in. diameter; over-all length 24 in.; air column length 56 in.; power handling capacity 25-50 watts.

WITH 15 years of pioneering in the coal stoker field as background, Iron Fireman Mfg. Co., Portland, Ore., is rounding out its heating line with an oil burner (BW—Feb 26 '38, p2). The



new outfit has a two-stage pump which supplies oil to the business end and also circulates another stream of oil between tank and burner, thus preventing air-lock. One-sixth h.p. capacitor motor, which can be replaced on the job if this is ever necessary, is resiliently mounted. Fan rides on motor shaft sleeve.

It will be good news for dogs and cats and their owners that "sodium sulfanilyl sulfanilate" acts as distemper preventive and cure. Calco Chemical Co. makes the product for distribution by Lederle Laboratories, 30 Rockefeller Plaza, New York. Those who have experimented extensively with the new compound report that "symptoms and fever disappear rapidly and the appetite promptly returns. The animals remain well."

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Farm Laboratories

Agriculture Department will set up four to find new industrial markets for farm products.

"New scientific, chemical, and technical uses" for farm commodities and products and byproducts therefrom will be investigated by the Department of Agriculture under the new farm act. For this purpose Congress tosses the Secretary of Agriculture a new \$4,000,000 per year, just as if this wasn't money. And the Department is scurrying about to plan worthwhile projects for the required new "four regional research laboratories, one in each major farm-producing area."

For some time the Department has wanted a new Southern laboratory to study cotton. One of those now authorized will undoubtedly take up promptly the problems of non-textile use of cotton and more efficient use of lint, seed, and their industrial products. But even for this laboratory there is much political pulling and hauling to decide the site, whether it should be in Memphis, the trade center, Texas, the great growing area, or Jackson, Miss., in the home state of Senator Bilbo, who put over the bill.

Headache for Wallace

The other three laboratories will probably be Northeastern, Corn Belt, and Far Western. One of the first headaches Secretary Wallace will have is the placing of these new spending centers without refusing too many important Congressmen. And, even when each laboratory is located, there will be a big job to determine the scope of its work, for at present only the Southern cotton laboratory has a ready-made project.

Much of the new work which must be undertaken will be "chemurgic" in nature. The Department realizes that this is necessary, as non-food application of agricultural materials is vital if an enlarged market is to be established. But it is highly improbable that chemurgic alcohol will be one of the projects undertaken. That is likely to get a million dollars of the residuary funds which AAA still holds from earlier industry projects. Congress is expected to pass another bill assigning that reserve fund to alcohol experimentation in the interest of alkyl-gas. But if Departmental officials have their way, no commercial-scale operations will be undertaken.

Even the Secretary of Commerce gets a handout in the farm bill. He is to have a million dollars a year "for the promotion of the sale of farm commodities and products thereof", including investigation of the cause of shrinkage in exports and means for reestablishing foreign markets.



Acme Superstrip RIDES WITH AMERICA'S CAR OWNERS



• Because Acme Superstrip is "rolled-for-the-product" strip steel, it is a standard specification for a majority of the manufacturers in the automotive industry. Every car you see carries proof of the economical fabrication of hot or cold rolled Acme Superstrip.

Production economies and speed are assured by the use of Superstrip. Rejections and delays are reduced to a minimum because all required qualities for deep drawing, forming or bending are rolled-in at the Acme mill.

For products requiring special consideration of "eye-appeal" and beauty, Acme provides Stainless, Satinstripe (designs rolled into the surface) and Colorstrip (cold rolled strip steel in ALL COLORS.)

Write for complete information or ask to have an Acme engineer call. He will be able to suggest the Superstrip best suited for your equipment and requirements. There is no obligation.

ACME STEEL COMPANY

General Offices: 2828 Archer Avenue, Chicago, Illinois

Branches and Sales Offices in Principal Cities



Acme Superstrip



THE BUSINESS THAT GOES TO COLLEGE

MANY top executives first learned of Hartford Steam Boiler in engineering text-books they studied as young men.

For decades, this Company's judgment in matters of power-plant protection has been accepted as authoritative.

In the "age of steam," the 19th Century, Hartford was largely responsible for standards of safe boiler design and construction.

In the "age of machines," the 20th Century, Hartford's insurance and inspection guard half of the nation's insured power apparatus.

Hartford was the first insurance company to establish a laboratory—studying and prescribing for "bad feed water," cause of many boiler ills. Its research and study helped bring order out of chaos in the welding of pressure vessels. Its engineering staff leads today in studying and applying new techniques for the prevention of power-plant accidents. This is one business that is never through learning.

Ask your agent or broker to place your boiler or machinery insurance with Hartford Steam Boiler—the organization devoted solely to this kind of insurance.



**THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY**
HARTFORD, CONNECTICUT

OLDEST IN THE COUNTRY, LARGEST IN THE WORLD, ENGINEERING INSURANCE EXCLUSIVELY

Patent Reform

Congress will consider compulsory licensing as aid to anti-monopoly moves.

PATENTS must not be used as a basis for monopoly. This is the substance of the President's ideas first shown in a trial balloon sent up by Assistant Attorney General Jackson, and stated by the President himself in his January message to Congress. Official announcement has not been made as to just how the President proposes to change the present patent law. But reliable rumor says that compulsory licensing by patent-owners will be required if the anti-monopolists have their way.

If and when the President sends to Congress his promised message on monopoly legislation, it is likely to lend support to the basic idea proposed by Representative McFarlane, of Texas. That ultra-progressive, in a very loosely worded measure, proposes that Congress change the basic patent rights by: (1) Limiting exclusive use of a patent to three years; (2) providing that anyone interested be allowed to apply for a license to use such patent; (3) instructing the Commissioner of Patents to determine whether such applicant is financially responsible and the public interest will be served by granting his demand.

Comment of Attorneys

That such a program would prevent monopolistic manufacture under a patent is sure. But, as able attorneys of Washington say, one might just about as well limit the patent life by an outright cut from 17 years. Only the fact that some government official or board of patent license appeals would determine the royalty charges for use of the patent would in any way protect patent owners.

Until the last few weeks the loose gossip on this subject in Washington was regarded as only more wild talk of reformers. But the reputed source of the McFarlane bill (Department of Justice) and the outright acceptance by the President of the idea of patent limitation, now sends cold shivers up the spine of everyone interested in owning or use of patent rights. The flat-footed admission that curtailment of patents already issued is contemplated, as well as future patents, shows the extremes being seriously proposed.

Constitutional lawyers argue that Congress can grant rights of exclusive use under a patent. They argue that Congress has nothing to say about non-exclusive privileges. But that quibbling is not likely to be important when radical legislators get busy.

Those who thoughtfully oppose compulsory licensing are trying to figure some less drastic remedies to suggest. They realize that certain limitations on past patent practices may be essential to

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appease the Administration leaders. They are worried by the McFarlane plan, not because they expect it to pass as is, but because it represents a vigorous effort in reform from which most anything can develop. And that "most anything" is certainly going to reduce the value of patents.

New Carburetor

Marvel Schebler brings out carburetor for low-cost fuel, increases activity in several fields.

FOLLOWING reports that Marvel Schebler, carburetor division of automotive potent Borg-Warner Corp., had "given up the ghost" in trying to meet price competition in passenger car carburetors (*BW—Dec 25 '37, p 20*), comes evidence from Flint that Marvel not only is still active in the passenger car field, its newly developed line of carburetors being standard equipment on Buick, Nash Ambassador Six and Graham, but has developed and is about to spring a line of new products of major importance to the automotive and allied fields.

Almost since the first days of the automobile, inventors have worked on the idea of a carburetor which would enable gasoline engines to burn low cost fuel, such as fuel oil.

Chief difficulty which has confronted engineers in the past in developing such a unit, has been that of vaporizing the fuel so that it could be mixed with air, ready to burn, under all conditions of engine operation: idling, high speed driving, accelerating, or decelerating. Engine performance also could not be materially sacrificed if the device was to be acceptable.

Last week Marvel demonstrated such a carburetor as being out of the experimental stage. It plans to sell the new unit to fleet operators and for industrial, marine engines, and for export.

New Type of Diesel Fuel Pump

With its eye also on the diesel's growing importance in industry and transportation, Marvel, in addition, has ready for production a new type of diesel fuel pump, intended to minimize service problems on such units.

It also has started to manufacture a decelerating control for buses and trucks which stops exhaust smoking and fumes.

Marvel Schebler continues to manufacture Schebler carburetors for tractors, including standard equipment on John Deere, Minneapolis-Moline, Hart-Parr, Graham-Bradley, and others. In the marine, motorcycle and industrial fields they are standard equipment for Briggs-Stratton, Fairmount, Railways Motors, Lathrop, Acadia, Atlas, Imperial, Indian Motorcycle, Palmer Brothers, St. Lawrence Engine Co., and others.

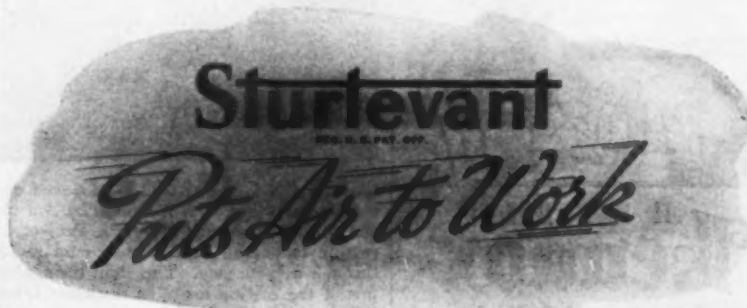


YOU HAVE HEARD of ultra-violet ray "sun baths". Now... through the means of a new Sturtevant development... ultra-violet rays will be utilized in railway air conditioning to sterilize conditioned air!

Already one American railroad has installed Sturtevant Railway Air Conditioning Equipment incorporating Sturtevant Ultra-Violet Rays. Another prominent railroad is seriously considering the installation of similar equipment.

This is one of many important Sturtevant contributions to the advancement of air conditioning. It was developed with the aid of the consulting services of W. F. Wells and M. W. Wells of the University of Pennsylvania.

B. F. STURTEVANT COMPANY, Hyde Park, BOSTON, MASS.
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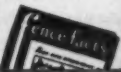
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- 5 PAGE P-12 fabric, fittings, top-rail and posts uniformly covered by industry's highest known 12-test guarantee.
- 6 Extra heavy galvanizing done after weaving and cutting. No "raw" ends.
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Find New Uses for Silver

Producers put 15 researchers to work and get excellent results. Tests show value of silver in electroplating, medicine, and other fields.

LIKE the manly little boy whose name sounded like a girl's name, silver has been suffering under the appellative handicap of classification in the public mind as a "noble" or "precious" metal. Fact is, that silver with its superior ductility, thermal and electrical conductivity, resistance to corrosion, and therapeutic values would have been recognized long ago as an outstanding industrial and medical metal, if ancient kings and overlords and governments had not established a quaint and continuing custom of swiping all available gold and silver for themselves, thus making the two metals "noble," and leaving the base or common metals to the common herd of mankind.

Changed from their customary prices in troy ounces, silver would sell for around \$6.50 per avoirdupois pound, and gold for \$510. While silver's title to nobility is well earned on the basis of its chemical behavior and beauty in the hands of the craftsman, and it qualifies as treasure in many parts of the world, the term "precious" seems somewhat misleading in view of the fact that tungsten, used in every branch of industry, sells currently for \$2-\$9 per lb., depending on purity. If price can be regarded as a genuine cri-

*Typical Pound Prices of High Purity Non-Ferrous Metals

Lead	\$0.05	Titanium ...	\$6.00
Zinc .....	.06	SILVER	6.50
Copper .....	.10	Thallium ...	6.50
Antimony ...	.14	Zirconium ...	7.00
Silicon .....	.16	Tungsten ...	9.00
Aluminum ...	.20	Molybdenum...	9.50
Magnesium ...	.30	Lithium	15.00
Nickel .....	.35	Columbium ...	22.00
Manganese ...	.40	Beryllium ...	23.00
Tin .....	.43	Tantalum ...	65.00
Calcium .....	.75	Palladium ...	384.00
Chromium ...	.85	Osmium	440.00
Bismuth	1.00	Gold	510.00
Cadmium	1.00	Platinum ...	525.00
Mercury	1.00	Ruthenium ...	608.00
Cobalt	1.36	Iridium	1,312.00
Tellurium ...	1.75	Indium	1,440.00
Selenium ...	2.00	Rhodium	1,920.00

* To bring out the place of silver in the family of metals, the prices here listed show relative commercial values of high purity metals when those customarily quoted in troy ounces have been translated into every-day avoirdupois pounds (1 lb. avoirdupois of sixteen 437½-grain ounces=1.215 lb. troy of twelve 480-grain ounces). There is no intention of reflecting day-to-day market prices. Tungsten, for instance, sells from \$2 to \$9, depending upon purity; columbium and beryllium are commercially available in combined form only.

terion of nobility, even gold must bow its yellow head before the pound prices of certain metals used pretty widely in industry, such as platinum, \$525; iridium, \$1,312; indium, \$1,440; and rhodium, \$1,920.

Research Project Undertaken

Last year a group of leading silver producers decided to launch a research project to explore and extend possible industrial and medical uses of silver (BW—Aug 21 '37, p2), and named it American Silver Producers' Research Project. Securing the cooperation of the National Bureau of Standards and an experienced office and scientific staff, they established 15 research fellowships in nine technical institutions and universities (including the bureau itself), each of the 15 to be financed until May 31, 1938. Of these fellowships, six are in metallurgy, four in chemistry, three in biology, and two in physics. Several thousand ounces of specially refined silver were distributed in various forms to the groups, which really got going on their projects in the summer and fall of 1937.

Results began to accrue almost from the very start. One key project which is bearing out its original promise is that of combining various percentages



CHECK ON CASTABILITY—As each experimental silver alloy is melted by American Silver Producers' Research Project, a sample is poured into a green-sand mold through a ¼-in. gate. The eight triangular fins of the casting range in thickness from 1/64-in. to ¼-in., thus giving a good check on castability. If the alloy under study fills all eight fins to their tips, as in the picture above, it is rated 100%.

of silver (0.1, 1.0, and 5.0% by weight of silver) with common binary alloys of copper, tin, zinc, nickel, aluminum, and a flock of other metals. (Approach and procedure are both on the Edisonian principle of trying everything, with the field narrowed down by a thoroughly scientific analysis of the theoretically promising combinations.) Object of such additions of silver is to determine their effects on corrosion resistance, hardness, surface tension when molten, and the like.

Research fellows have been checking up the anti-friction properties of silver and its alloys. Pure silver is being found exceptionally qualified for bearings—a fact especially interesting when it is remembered that steel-backed bearings lined with nearly pure silver are now being tested thoroughly on certain aviation engines. The whole bearing field is being studied from heavy machinery to clocks. Because of silver's resistance to scoring and galling, it is being considered for metallic packing and shims. From a tonnage point of view, experiments on silver additions to solders andterne plate possess inviting possibilities.

Progress in Silver Coatings

In electroplating, real accomplishments have been achieved, in obtaining silver coatings which adhere firmly to iron and steel, thus opening the door more widely to the tonnage chemical apparatus field. In electrical applications, work being done on sliding silver contacts is so favorable that motor manufacturers are already experimenting with silver commutators. Silver-graphite brushes reveal marked advantages over carbon and copper-graphite. Success here will certainly mean tonnage applications.

Ability of silver salts to act as potent fungicides is being demonstrated by the fellowship assigned to agricultural research. Seeds duly sprayed with silver-salt solutions do not mold. Water treated with ionized silver shows promise as a bactericide and fungicide in swimming pools, water reservoirs, and fish hatcheries. One part of silver per million of water completely inhibits germination of fungous spores. Medically, the researchers are attacking at least two problems: silver's place as an antiseptic and healing agent; silver's culpability as a producer of that rare disease, argyria. Parenthetically, it is almost startling to note that the early Egyptians used to bind a piece of silver over wounds to expedite their healing. Whether they were invoking magic or relying on genuine science is one of those questions which may never be settled.

One of the newest problems to be added to the agenda of the research project is the determination of the characteristics of a silver storage battery. The corrosion behavior of the

Another Man's Viewpoint

YOU have a business—a bank, an office, a factory, a store. You see it one way. Your interest is in management, in operating efficiency, in profit. That's your viewpoint.

So from the lawyer you get the legal viewpoint. From an able insurance agent you get the insurance viewpoint—the human hazard, the fire risk, the accident possibilities, danger from burglary or forgery.

The agent sees risks you'd never think of—and insurance economies you'd never guess. When a claim occurs he is your expert representative.

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VINCENT CULLEN, President

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lead-silver series of alloys has been so striking that several battery manufacturers are now showing interest in the effect of silver additions to storage battery plates. From a national defense view, experiments on the replacement of foreign tin by domestic silver either wholly or in part in solders, gear bronzes, and "tin" plate are of especial interest.

Engineering and Mining Journal reports 1937 world silver production of 276,000,000 troy oz., or 9,450 short tons, as against 2,434,000 short tons of copper and 100,000 short tons of nickel.

Of this only about one quarter goes into non-monetary industrial and medical fields. The absorption of an additional 3,000 tons by industry would stabilize the silver market and is the goal to be achieved. *Business Week* finds widespread interest in both the program and the method of attack.

Diagnosing the I. B. A.

"What's wrong?" ask investment bankers, in self-study. Another inquiry also begun.

BECAUSE business has, for several months, been finding it difficult to borrow, quizzical eyes have been turned on the investment banking business. So intent has been the scrutiny that the banking fraternity has taken to looking at itself much as a man will when public glances arouse the suspicion that he has overlooked some important buttons.

The outcome is (1) that the Investment Bankers Association of America proposes to investigate itself through an outside research organization, and (2) that a prominent investment banker, who is a member of Sec. Roper's business advisory council, at the behest

of President Roosevelt, is studying the situation.

The idea of I.B.A. self-scrutiny is offered by the association's president, Francis E. Frothingham. Washington's study is headed by Sidney J. Weinberg, partner in Goldman, Sachs & Co., director of many blue-ribbon corporations, and long a prime-mover in the I.B.A. as well as a familiar figure in New York's "Street."

Nobody pretends to know exactly what the various investigators think is wrong, or what they will report. But those in close touch with the business can give some pretty good guesses.

Problems Facing Markets

The biggest trouble is inherent in the securities markets. Even if the bankers undertook to recruit capital for industry, they couldn't find any buyers for anything but the highest grade bonds.

Common stocks won't sell, partly because of the drop in the stock market, and partly because entrepreneurial capital can't see a return (in view of the present federal regulation and taxes) which justifies the risk.

Within the investment banking system, the biggest trouble is lack of sufficient capital to accept the hazard involved in many big securities issues. The capital was there when the commercial banks owned investment affiliates. But that was eliminated by the Banking Act of 1933. Not only were the big city investment units cut loose, but smaller communities were left almost completely without underwriting facilities. Mergers might be the answer, for only about a score of big houses now are in a position to do a good job.

To supplement the present underwriters, several suggestions have been made. One is that the investment trusts might help, but these companies



Francis E. Frothingham
I.B.A.'s head proposes a self-inquiry.



Sidney J. Weinberg
He's investigating for Washington.

rarely have taken an interest in any but big companies which can borrow as things stand. Another thought is to raise about \$10,000,000 for a publicly owned underwriting concern; bankers question, however, that the stockholders would understand that it's a feast-or-famine business, and some are inclined to wonder if management would be as careful with other people's money as with its own.

It might be that a government-capitalized company, similar to the new \$10,000,000 mortgage corporation, would help. And there is strong agitation for allowing commercial banks once more to participate in underwriting—at least in underwriting investments which they could legally hold among their own assets. But Washington is reported still to be unfriendly to the latter suggestion.

The insurance companies are answering some of the arguments by buying entire issues. Here again, however, the plea of the small borrower isn't answered, for the insurance buyers take only the cream of the business.

Realty Tax Reform

Real estate boards renew their drive to lighten tax burden on home-owners.

WITH definite reason for encouragement in the matter of home-building from the new federal housing amendments, the National Association of Real Estate Boards this week prepared to launch—or, more accurately, to renew—a secondary effort to make the ownership of real estate desirable. Under the leadership of Myers Y. Cooper, former governor of Ohio and president of the Cincinnati Real Estate Board, its committee on taxation got ready to fight anew for tax reform.

Most important plank in the association's program is limitation of the total real property tax by state constitutional amendment. Second most important plank is consideration of the income or use value of property as one of the major factors in arriving at a fair assessment for tax purposes.

Ohio was the first state to limit the total tax on real estate. Its limit, fixed by constitutional amendment, is 1% for all classes of property. Seven other states have tax limitation, either constitutional or statutory. States with constitutional limitations are Michigan, 1.5%; New Mexico, 2%; Oklahoma, 1.5%; and West Virginia, with a graduated scale ranging from 0.5% on farm lands to 2% on the more productive types of business property. States with statutory limitations are: Washington, 2%; Rhode Island, 2.5%; and Indiana 1% on farm lands and 1.5% on urban property.

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3. Increase efficiency in the shipping room with KIMPAK. It's as easy to use as a piece of string—you simply lay it on or tuck it around the product.

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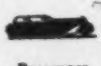

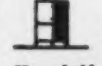





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The Business Record, State by State

Percent Gain or Loss in 1937 Compared with 1936

States by Regional Groups	 Passenger Car Sales	 Commercial Car Sales	 Household Refrigerator Sales	 Ordinary Life Insurance Sales	 Value of Checks Drawn	 Farm Income	 Electric Power Output	 Heavy Construction
New England	+ 1	+ 2	+23	+ 3	+ 2	+ 4	+ 8	-24
Maine	+12	+ 6	+22	+12	+ 1	+ 6	+ 7	- 1
New Hampshire	+ 6	- 5	+ 7	- 4	+ 6	+ 7	+12	-11
Vermont	+ 5	+ 6	+33	+ 7	+ 6	-0.1	+16	+ 7
Massachusetts	- 1	+ 6	+22	+0.1	+0.4	+ 2	+ 4	-40
Rhode Island	+ 6	+ 6	+26	+ 8	+ 6	- 3	+ 4	-43
Connecticut	-0.1	- 6	+27	+ 5	+ 5	+ 6	+12	- 1
Middle Atlantic	+ 8	+ 2	+16	+ 1	- 3	+ 8	+ 8	+39
New York	+ 9	+ 7	+16	- 1	- 5	+ 5	+10	+19
New Jersey	+ 9	+ 9	+ 8	-0.3	+ 6	- 1	- 5	+44
Pennsylvania	+ 8	- 7	+20	+ 5	+ 6	+13	+10	+119
East North Central	+ 5½	- 3½	+22	+ 6	+ 7	+ 8	+ 9	-0.1
Ohio	+ 2	- 5	+25	+ 5	+11	+10	+ 6	+14
Indiana	+ 7	- 9	+13	+ 5	+12	+ 7	+11	-13
Illinois	+ 6	- 2	+21	+ 5	+ 3	+ 4	+ 7	-25
Michigan	+ 6	- 1	+18	+ 7	+13	+15	+12	+69
Wisconsin	+ 9½	+ 1½	+46	+ 8	+ 5	+ 7	+10	-14
West North Central	- 1	- 2	+11	+ 4	+ 7	-0.1	+10	-20
Minnesota	+ 1	- 4	+47	+ 4	+ 5	+ 1	+ 7	-30
Iowa	- 5	- 4	+16	+ 8	+ 2	- 9	+ 7	- 7
Missouri	+ 3	- 5	+0.1	+ 5	+10	+ 4	+28	+ 5
North Dakota	+ 9	+19	+28	+ 3	+ 8	+20	+ 5	-50
South Dakota	- 6	-10	- 6	- 4	-0.3	- 5	+ 7	-31
Nebraska	-11	-11	- 3	- 4	+ 2	- 7	+ 1	-16
Kansas	+ 4	+ 9	+ 4	+ 6	+ 9	+13	+ 4	-57
South Atlantic	+ 5	+ 6	+15	+ 5	+12	+ 9	+10	-13
Delaware	+15	+ 9	+35	-13	+28	+10	+19	+115
Maryland	+ 5	+ 5	+28	+ 7	+ 9	+ 9	+19	+ 0.1
Dist. of Columbia	-14	- 3	+ 3	+ 6	+ 8	-	- 8	- 3
Virginia	+ 1	+0.2	+13	+ 4	+10	+ 5	+12	-32
West Virginia	- 4	+ 1	+10	+ 3	+13	+ 9	+ 9	-46
North Carolina	+12	+10	+27	+ 3	+14	+17	+ 7	- 2
South Carolina	+12	+19	+23	+ 4	+11	+0.1	+ 7	-18
Georgia	+12	+0.4	+13	+ 6	+13	- 3	+12	-51
Florida	+11	+14	+ 2	+ 6	+12	+24	+13	+42
East South Central	- 1	+ 2	+11	+ 5	+ 8	+ 9	+11	-41
Kentucky	+ 3	+ 7	+12	+ 3	+ 7	+28	+ 5	+15
Tennessee	+ 1	- 2	+13	+ 6	+ 5	+16	+26	-67
Alabama	- 1	- 2	+10	+ 7	+19	+14	+ 6	-42
Mississippi	- 9	+ 8	+ 2	+ 5	- 1	-11	+ 8	-26
West South Central	- 6	+ 5	+12	+ 3	+15	+15	+13	-0.5
Arkansas	+ 1	+14	+ 7	+0.2	+10	- 1	+95	-66
Louisiana	- 9	+ 4	+13	+ 2	+11	-0.2	+ 3	+133
Oklahoma	- 9	-0.2	+11	+ 3	+20	+22	+17	+ 8
Texas	- 5	+ 5	+13	+ 4	+15	+22	+14	-12
Mountain	- 6	- 5	+ 5	+ 4	+12	+15	+33	-16
Montana	-13	-15	- 4	- 1	+ 6	+ 6	- 9	-26
Idaho	- 2	-10	+0.2	+ 3	+11	+19	+23	+55
Wyoming	- 7	- 1	- 2	- 1	+12	+15	+14	-20
Colorado	- 9	- 7	- 1	+ 9	+ 9	+18	+11	-19
New Mexico	- 1	+12	+21	+ 3	+22	+12	+19	-30
Arizona	- 2	+ 4	+32	+ 5	+17	+18	+38	+16
Utah	-0.3	- 8	+ 4	- 3	+15	+11	+21	-54
Nevada	- 9	- 4	+ 3	- 1	+14	+12	+572	+26
Pacific	- 6	+ 5	- 9	+ 3	+ 8	+10	+ 1	-17
Washington	- 9	- 4	- 3	+0.3	+10	+13	+14	- 6
Oregon	-11	- 2	-21	+10	+ 9	+17	+11	-28
California	- 4	+10	- 9	+ 3	+ 8	+ 8	- 4	-18
UNITED STATES	+ 2½	+ 1½	+14	+ 3	+ 2	+ 8	+ 9	+ 2

† Wisconsin estimated.

©Business Week



BARNEY BALABAN
Chicago's biggest exhibitor has made double bills almost compulsory.

Double-Movie Scrap

Proposed Chicago ordinance is retarded as Parent-Teachers Association backtracks.

THE first double feature movie program is recorded in the pages of history under the date 1915. The first protest against the double feature movie program is doubtless recorded on the same date. But from 1915 to 1938 the protester hasn't had a chance. The movie industry will tell him any time that the box-office till rings louder for double features than it does for singles, which is the movie industry's way of saying that double features are what the public wants—and that the public would rather pay its two bits and get Greta Garbo, Buck Jones, a headache, and a sore fundament, than just plain Greta Garbo.



DR. HERMAN BUNDESEN
Chicago Board of Health head fights small exhibitors' battle against double bills.

Within the last month those moviegoers who prefer single bills have been watching with a glimmer of hope the anti-double bill activity that's been going on in Chicago, where the Balaban & Katz chain of theaters, by showing double bills steadily, have made them almost compulsory throughout the city. Independent exhibitors, who were having trouble getting good grade B pictures, were often forced to play two A's, for which they paid through the nose. A few of them tried out triple bills. A few weeks ago the City Council showed concern. It took preliminary steps to forbid double bills on the ground that they are injurious to health.

Soon the Parent-Teachers Association got into the fray. Some 200 delegates began battering at the doors of the City Council, demanding that the anti-dou-

ble-bill ordinance be passed, flourishing in their hands the report of Dr. Herman Bundesen, president of the Board of Health, who, in answer to the Council's question, had said that the double bill caused fatigue, eyestrain, and overwrought nerves in children. The Council promised to hold hearings last week.

Last week the Parent-Teachers delegates marched meekly into the hearings. They had decided to withdraw their objections to the double bill, they said. They needed a little more time to study the situation.

Whether the ladies had been beaten into subjection by their children or by the larger exhibitors, no one could say. What one of Chicago's City Hall politicians did say, however, was that the bridge-playing mammas who had to send



A certain coal company was using untreated ties on the track in its butt entries. The ties had a normal life of three years when installed in one place. But all the coal on any one of these butt entries was removed in an average of three months. The ties were therefore taken up each three months. Because of the repeated spiking, life of the ties was reduced from three years to one year.

A Koppers subsidiary, The Wood Preserving Corporation, designed a pressure-treated creosoted wood tie, combined with a standard steel track tie. It is called the "Ar-moored" Tie. This particular coal company bought 2,000 of these ties. Careful cost records now show that these 2,000 ties save the mine \$54.98 a month and will pay off the investment in 3.64 years. It is conservatively estimated that they will have at least five years of life beyond that time.

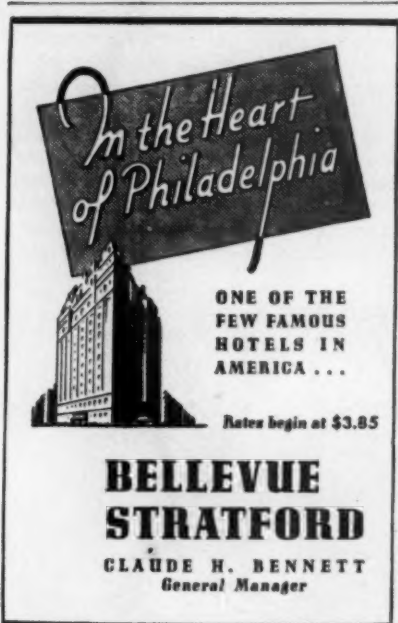
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K O P P E R S

the kids to the movies to get rid of them had evidently thought better of abolishing such a blessing as the double feature program.

Should the mammas eventually decide to fight for the ordinance in earnest, there's not much doubt about its going through. The Council has it ready to go as soon as it feels enough pressure.



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CLAUDE H. BENNETT
General Manager

Ship Reshuffle

Three of the fastest American vessels may soon be used in service to South America.

THREE of the United States' fastest luxury ships are likely soon to be in service between New York and ports along the East Coast of South America, including Rio de Janeiro and Santos, in Brazil; Montevideo, in Uruguay; and Buenos Aires, in Argentina.

The *California*, *Pennsylvania*, and *Virginia*—a trio of 18-knot passenger and express cargo vessels which have operated since their launching in the run from New York to San Francisco by way of the Panama Canal—have been offered by their owners, the American Line Steamship Corp., to the Maritime Commission, and it is expected that they will be accepted. At the same time the American Line will drop its suit against the government for loss of its mail supply contract and clear up its mortgage indebtedness on the vessels. Built in 1928 and 1929 at a cost of \$19,300,000, the vessels are valued now at about \$10,250,000, though it would cost nearly \$24,000,000 to replace them in the current market.

There has been a struggle over the disposition of the liners ever since the government failed to renew their mail

subsidy. Without it, they could not operate in the highly competitive inter-coastal service. California ports are still protesting, but it seems likely that the vessels will make their last inter-coastal runs between now and April, and will then enter the South American service.

Joseph P. Kennedy, in one of his last reports as chairman of the Maritime Commission, declared that there were only four alternatives before the American Line Steamship Corp.:

1. Turn the ships over to the only American passenger company operating in the North Atlantic—the United States Lines—for transatlantic service, for which they are reasonably well suited (all three liners have passenger accommodations specially adapted to tropical weather conditions).

2. Run them in the South American service, the only one in which conditions warrant that kind of vessel and which is not already covered by that type of contract.

3. Sell them abroad.

4. Tie them up and let them rot.

Mr. Kennedy made it plain that the Maritime Commission is unwilling to permit the United States Lines, in its present financial condition, to operate the South American service.

The Government's Position

The government professes to have no desire to remain indefinitely in charge of the operations of the South American service. If satisfactory bids are received for private operation of the line, the ships will be turned over. Otherwise, the service will be operated by the Maritime Commission until conditions appear to be more favorable.

The United States is represented now in the East Coast run only by the Munson Line, whose vessels, though reconditioned, cannot compare with the luxury liners which run in this service from Britain, Germany, France, and Italy. Munson vessels make the trip to Buenos Aires in 21 days. The three new vessels should cut this to about 17 days.

Trans-Canada Flights

OTTAWA—The first section of the Trans-Canada air service will be in operation in a few days. Operations of the government-owned company are to begin with regular mail service between Winnipeg and Vancouver. Passengers will not be carried until spring. By July 1, it is planned to have the next long section, Montreal to Winnipeg, in operation. It will be another year before the coast-to-coast service between Moncton and Vancouver is running.

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Business Abroad

Postponed war threats bring anticipated rush of new business for machine industry. Latin America, Japan, Russia, and Central Europe are all in the market. Reich pushes plans to build a new cheap automobile.

AUSTRIA's courageous effort to hold off Germany cannot last for long. Europe is aware of this, and it accounts for the new demands for American equipment in the armament and machine tool lines. Central Europe is asking particularly for large quantities of used equipment. Latin America is only a little less active.

This accounts in part for the heavy foreign orders which pushed the machine tool industry's foreign business to new levels in January and February.

Japan and Russia will both be large purchasers of American raw materials and machinery this year. Japan's recent fresh gold shipment indicates an intention to be ready to place new business here, and Soviet aviation authorities are in this country and engineers for the food industry are expected to arrive soon.

Soviet Union

Newest purge is expected to bring fresh wave of industrial reorganization, and a production boost.

MOSCOW (Cable) — Moscow's third great treason trial within two years has held the headlines all this week to the exclusion of all business news. The seriousness of the charges, including the plot to assassinate Lenin and Stalin and dismember the Soviet Union, indicates the certainty that those found guilty will receive the severest punishment.

However, apart from questionable political reaction abroad, the trial is expected to produce favorable reaction in many industries as was the case with the previous trials.

Reports published of the progress last year in various branches of industry continue to bear out earlier indications that, while most of them increased production over 1936, last year's production did not equal the plans laid out in advance. Thus, machine-building, not including the machine-building branch of the defense industry, which undoubtedly worked better, stepped up output close to 11% over 1936 but dropped 8% below the plan. Progress included production of 114 types of new machine tools, 190 new types of bearings, and commencement of the production of American-type pumps on a mass scale.

Industry's plan for productivity of labor and reduction of costs was not fulfilled. However, increased confidence as a result of the liquidation of saboteurs has encouraged optimistic plans

this year for a 22% increase in output over last year's results, and a 16% increase in labor productivity, with a 5.4% decrease in costs.

Gets Foreign Trade Post



WILLIAM S. SWINGLE

For thirteen years director of the foreign department and manager of the foreign credit interchange bureau of the National Association of Credit Men, Mr. Swingle has been named a vice-president of the National Foreign Trade Council.

Mr. Swingle is widely known among foreign traders both for his work in the credit field and for his active participation in various campaigns aimed at increasing this country's imports and exports.

Far East

Foreign bondholders protest plans for handling of their interests in scheme of nationalization of power industry.

TOKYO—The discussions on the government's plan for the state management of the power industry, once centered on purely economic aspects (the issue has been pending for three years, *BW*—Jul 25 '36, p 31) have shifted to the fundamental question of limitation of private ownership in business and industry, and of compulsory investment in government-operated enterprises. Japanese business is unanimous and outspoken in rejecting the plans.

To make things worse, the government has now launched its "general mobilization" scheme which is to invest in the Tokyo government in time of emergency full authority to regulate the country's trade and industry.

It is doubtful if industry can effectively hold out against the government because of the centralized control already over such important divisions as steel, railroads, the oil industry, and the general supervision over exports.

Decisions important to foreigners must be made in connection with the power nationalization project. Foreign creditors hold large blocks of the bonds of the private power companies. In principle it has been proposed that the projected Japan Electric Power Generation and Transmission Co. will assume all of these foreign debts. The question is whether the inspection of equipment and auditing of accounts will continue to be freely open to the foreign creditors in conformity with indentures.

The continuity of regular payments of principal and interest and the removal of accumulated profits are also important points, but they are less specific than those parts of the indentures embodying matters relating to the rights of foreign technicians to inspect the mortgaged equipment and of foreign accountants to inspect books. Representatives of the foreign creditors in Japan have made it clear that they will insist on immediate redemption of the loans if these obligations should not be fully assumed.

The government's attitude during the debate in the Diet has not been reassuring. One spokesman, obviously reflecting the opinion of an important section of officialdom, declared that the demand should be rejected "if it is considered not advisable for national policy." It has been explained that secrets will leak out if the company's books are inspected and power stations and lines surveyed.

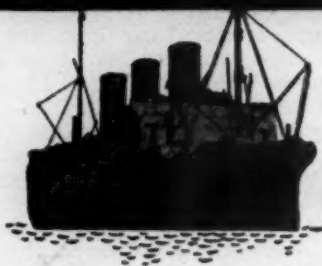
The foreign bondholders are not interested in any of these secrets, but wish to obtain authorized statements of business results, enforce regular depreciation, restrict establishment of new mortgage rights, have their equipment placed under adequate insurance, all of which will become haphazard if the Tokyo government insists on its policy.

Great Britain

Retail trade shows recession resistance, but automobile industry shows decline in orders.

LONDON (Cable)—There are still dependable signs that British business is showing a great deal of resistance to the recession which is spreading beyond the United States. While the automobile industry is beginning to feel seri-

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ously a decline in orders, retail trade is holding up remarkably well. January volume, on a value basis, was the best since records were started in 1932. On an index basis, activity touched 127, compared with 119 in January, 1937. Only region to make a poor showing was London's swanky West End.

Stock markets, after their spurt of last week, have reacted again, indicating that the investing public is worrying over the possibility of tax increases and is holding off from any large-scale buying until after the new budget is settled. Considerable significance is attached to the visit to London of a group

As Germany Drives Toward Motorization



HITLER, GOEBBELS, AND GOERING LOOK OVER A NEW MODEL

BIGGER crowds, more interest than ever before. That's the report on the 1938 German Automobile Show which ended last week in Berlin, just as it has been the report for each of the last five shows as the government has put its full weight behind the campaign to motorize the country. Success of the campaign is demonstrated by these figures: in five years the number of passenger cars in operation has risen from 548,700 to 1,108,500, the number of trucks from 176,685 to 334,717.

High point of the show came in Führer Hitler's opening speech, when he made emphatic that the long-promised "people's car" is soon to be a reality. The car, which will sell for around \$400 and is expected to do for Germany what the Model-T did for America, will be produced at a new government factory the plans for which have now been completed. The plant will have a capacity of 250,000 units a year, or more than the combined output of the present German auto industry.



A GLASS MOTOR THAT REALLY RUNS



THE NEW GERMAN TRUCKS ON DISPLAY

of Turkish bankers. With the government ban on foreign lending lifted, it is expected that they will make some kind of a financial deal while here. Both business (from the economic point of view) and the government (from the political angle) would like to make a bargain.

Germany

Reich will train apprentices for new government factory which is to build popular-priced "people's car."

BERLIN (Cable)—Details of Germany's plans to develop, by direct government production, a low-priced car which will really "put Germany on wheels" are gradually leaking out. The car, expected to sell at about 1,000 marks (\$400), is to be built in a factory soon to be constructed near the huge new Hermann Goering steel works. This week, the announcement was made that the government is setting up a special workshop in Brunswick where 500 apprentices will be employed immediately in preparation for taking over the skilled work in the future Volkswagen factory.

Germany's main business worries this week are the labor shortage and the government's intensified program to cut prices. The cost of living has been rising lately, in spite of the rigid control of prices which the Reich has attempted to maintain. Newest restrictions are forcing curtailment of profit margins by distributors and is undermining the already precarious financial position of many firms.

In ordering a price cut on agricultural machinery and on hardware, the government is continuing its policy of adjusting German prices to world levels, while simultaneously seeking to improve the purchasing power of the farm dollar.

Anti-Jewish policy is helping to develop the concentration of business in a few hands. Recently, some of Germany's largest banks have absorbed several Jewish-owned private banking houses, and now the Mannesman company has taken over one of the Jewish-controlled tinplate companies. The forced sales of securities by these liquidated Jewish bankers has lately been the main bearish factor on the stock market.

The German public is surprised by Schuschnigg's address indicating that the Austrian government is still unwilling to renounce its fight to maintain independence. France is thought to have given fresh assurances of support, and Mussolini may have given encouragement, but it is believed here that this dramatic courage cannot stop the unavoidable course of events.

France

Chautemps may be forced to yield to national coalition government.

PARIS (Wireless)—There was proof this week that the overwhelming vote of confidence which the Chautemps government received on its foreign policy meant little as far as the solidarity of the government's backing is concerned. Faced with a foreign threat (from Germany), France, as usual, showed a united front. Faced with cantankerous details of a labor bill, the Senate and Chamber have been hopelessly split. Only the insistent demand of Chautemps himself that he would resign if differences were not patched up on the sliding wage scale scheme brought united action. It is increasingly evident to Paris that the country is going to be forced to resort to a national coalition government if it is to reach a settlement on the most serious problems confronting the government.

Air defenses are being pushed in an aggressive new program, but the lag in the aviation industry which has been in the process of nationalization is serious. This may in part account for the insistence by Paris on maintaining the loose mutual defense ties with the Soviet Union. Russia's real air strength is unknown, but French aviation observers who have been in the Soviet Union in the last year have been impressed with the quantity and quality of the planes, and the number of expertly trained flyers. It is known that the Soviet industry is undergoing a complete overhauling, and that Soviet engineers are now in the United States placing large equipment orders. The French are worried over their air forces, particularly following the Goering threat this week.

Labor troubles persist in France. The conflict in the northern steel industry has been temporarily settled by a compromise between labor and the owners, but the hotel strikes along the Riviera at the height of the carnival season indicate how widespread is the unrest.

Paris has heard that the Italians are trying to secure £30,000,000 (about \$150,000,000) loan in London, as a part of their new deal with the British.

Canada

Sharp drop in U. S. buying reduces Dominion's internal purchasing power. Business activity in many lines is slackening.

OTTAWA—As March begins, a few additional signs of business slackness are evident in Canada, but careful surveys show that conditions in this country are

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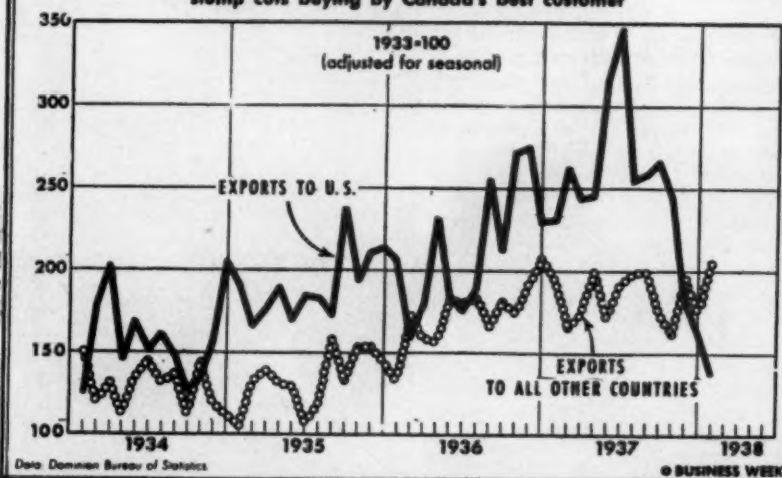
LOUISVILLE

KENTUCKY



CANADA FEELS OUR RECESSION

Dominion exports to U. S. toboggan as business slump cuts buying by Canada's best customer



still favorable in comparison with those in the United States.

External influences are beginning to react internally. The fall in export trade (see chart) is curtailing the purchasing power of workers in primary industries, and this in turn is affecting forward commitments and current domestic trade.

Manufacturing shows some curtailment compared with a year ago. Steel output is less than a year ago but ahead of the year end, and the industry continues to be well supplied with orders. Textiles probably are suffering most. Despite lower prices for base metals, the Canadian mining industry is doing well. The lumber trade is off approximately \$1,000,000 a month from last year.

For the first time in four years power production is down, the slump in newspaper being mainly responsible for lower consumption of secondary power. Employment shows another substantial decline where ordinarily there is a seasonal gain.

The official index on physical volume of business stood at 112 for January compared with 121.4 for December. Bank debits declined sharply in January, and bank clearings for February were down 9% from the same month last year. Railway earnings were off. Construction contracts for February were down from the previous month. Carloadings were improving.

Alberta's Social Credit provincial government is levying new taxes on securities and increasing the income tax on corporations and is still budgeting for a deficit of \$1,500,000 for the current fiscal year now commencing.

A federal old age pension plan similar to that of Great Britain is favored for Canada by Finance Minister Charles A. Dunning. It would be

Radio broadcasting is a government monopoly in Britain, and the Post Office department (which operates it) offers an anti-radio interference service employing 300 engineers—though few Englishmen knew of it until the *Daily Express* uncovered the secret. Radio listeners who are bothered with interference can secure a special complaint form at any post office, fill it, and drop it in any letter box stamp free, and wait for the engineer to call. If the trouble is caused by some electrical unit in the house, the proper eliminator is recommended. Service is free.

The Steel Export Association of America will soon establish permanent European headquarters in London, in charge of W. P. Todd, former vice-president of Jones & Laughlin Steel Corp. American steel interests will cooperate more closely with the European cartel in controlling markets, particularly during periods of slack demand when prices threaten to collapse.

American machinery and tool manufacturers should watch the Japanese market for new sales opportunities. Anti-British sentiment has reached the point where business in these lines is being aggressively transferred, especially to American manufacturers though German and Italian firms are being given some orders as a result of the loose new political ties between the countries. This development is remarkable because British firms are now among the promptest in making delivery. In all cases, payment is being arranged in advance, Germans often taking payment in raw materials from Manchukuo.

Canada is again seriously considering a lottery as a means of raising revenue. A bill has been introduced in the Commons authorizing the provinces to hold one sweepstake a year to provide revenue for hospitals and universities. In Manitoba,

contributory, and apply to persons under 70 years. Constitutional revision would be necessary to set it up. Canada now has an old age pension system operated by some of the provinces and contributed to by the federal government. It is officially computed that by 1941 the present system will be costing \$46,000,000, by 1951, \$62,000,000, and by 1961, \$82,000,000.

Search for ways of taxing wealthy Canadians who have exiled themselves to the West Indies to escape tax levies in this country is being carried on by the provincial government of Ontario and was advocated this week in the federal parliament.

It is reported Minister Dunning will withhold his financial budget from parliament until it can provide for tariff changes covered in the new trade treaty with the United States now under negotiation. It is thought in well-informed circles here the negotiations may be concluded by May.

FOREIGN ANGLES

a commissioner appointed by the provincial government to investigate possible new sources of revenue has also suggested a sweepstake. In 1934, a bill similar to the national proposal passed the Senate but was rejected by the Commons.

During the fighting around Shanghai, the aim of the Chinese seemed to be to make the Japanese gains as expensive as possible. Every time a bomb dropped the people would shout "There goes another 150 yuan (about \$45)!" Chinese batteries were trained to fire a few shots at random in the hope the Japanese would use up a lot of ammunition in trying to silence them.

Contributing factor in the recent stringent foreign exchange situation in Brazil is reported by export houses with agents in Brazil to have been the demand by Italy that the Rio de Janeiro government pay cash before they left the Italian port for the three submarines Brazil bought.

Exporters in a bread-and-butter round table conference in New York have reached this consensus of opinion on the foreign outlook in troubled areas: cash terms are demanded in all shipments to Italy, China, and Japan; similar strict terms are being applied to Austria since Hitler's recent success in dominating that country; for the first time in four years Brazil has raised the exchange rate on the German mark (from the equivalent of 14 milreis to the dollar to 17½ milreis to the dollar), which cuts the German sales advantage in that market; orders from Mexico for shipment after May 1, when the lower tariff rate becomes effective, are piling up; Americans are again getting large orders from Chile which, for several years, have been going to German competitors; there is a shortage of dollar exchange in Uruguay, but plenty of sterling in case shipments can be made from London.

Money and the Markets

Trading was sluggish because of failure of commodities to continue their rise, and because of lack of change in business. Assurance of new breathing spell has little effect in financial circles.

A year ago a lot of Washington talk and a little action smacked down a budding boom in stocks and commodities. Now the effort is to accomplish the opposite result by similar means, and the results are slow in appearing.

Jawbone, in other words, is a flimsy foundation for a stock market rise or for a recovery in business. Financial and industrial leaders want more than talk at this juncture, and they aren't vastly encouraged by the negative news that the President isn't going to sponsor any more reforms until after the Congressional election this fall. This assurance is at least partly offset by fears of what may happen in 1939.

This was the story the stock market was unfolding this week. When trading dwindles to 410,000 shares on the New York Stock Exchange, as it did on Wednesday, it is clear that the financial community doesn't see much on the horizon to get excited about. Earlier days of the week hadn't been much more active—560,000 shares on Monday and 530,000 on Tuesday.

Influences on Trading

Two influences in particular were at work: (1) Stock traders were disappointed over the failure of Washington's commodity price lifting conversation to buoy the markets for more than a week, and (2) there was no

appreciable change in the complexion of business. Disappointment was responsible for scattered profit-taking by those who had bought on last week's bulge in prices, and a little liquidation by bulls who have grown tired after seeing four rallies in three months fail to get anywhere. When they moved at all, stock prices were inclined to sag.

Yield to Utility Law

More of the large holding companies give in and register with the SEC.

IN increasing numbers, the big public utility holding companies are yielding to the first phase of federal regulation. They are registering with the Securities and Exchange Commission under the Public Utility Act of 1935—which places them under the provisions of the so-called holding company law.

Within the last few days three of the biggest systems have registered. They are United Light & Power Co., the Engineers Public Service Co., and the major electric companies in the Cities Service system. This leaves only a handful of the large companies still on the outside.

What actually is taking place is a rush

to get in under the wire. In the near future the Supreme Court will rule on the SEC's test case against Electric Bond & Share and affiliates. The lower court held—as the SEC contended—that the only parts of the law at issue were those compelling holding companies to register; that any protests about Constitutionality of other sections should be taken up only after companies have registered so that the other clauses actually become applicable.

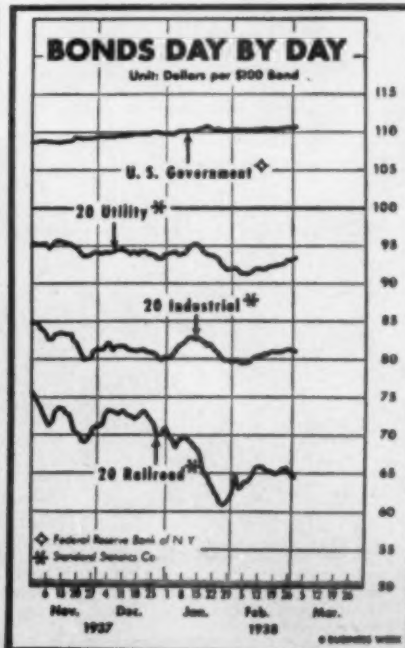
The Supreme Court is expected, by a large majority of utility executives and lawyers, to uphold the lower court. That means that the holding companies will have to register, later suing to void portions of the law which seem to work hardships on the registrants. Many managements feel they will get along better with the SEC if they register voluntarily instead of waiting for the Supreme Court decision.

Big Companies Held Out

The holding company law was passed in August, 1935. On Dec. 1 of that year all public utility holding companies were required to register. As a matter of fact, very few of the big systems did register. In recent months, however, several companies have faced the necessity of issuing securities, which is difficult without registering. Others have pruned and merged their systems much more nearly into the state of "integration" which the law prescribes, and thus have been able to see their way clear to register.

The cases of the most recent registrants fall in three typical classes.

(1) Cities Service: The top holding company seeks exemption from the law. It registers its electric holding companies—Cities Service Power & Light and



Federal Light & Traction—in order to segregate its electric and oil properties (40% are electric, 60% oil). The top company then enters the plea that it is exempt, being, in effect, an investment company, holding oil and utility company securities.

(2) United Light & Power is working on a recapitalization problem. Arrears on the \$6 preferred stock amount to \$34.50 a share. Clearing them (so that the junior shares may one day get some dividends) will involve issuance of securities, which can be done only with the blessing of the Securities Exchange Commission.

(3) Engineers Public Service, which has two distinct sets of properties on the basis of geography, has come to the conclusion that it will not be much damaged if the SEC forces it to split in two. Getting ready for this step has been the only serious argument against registration at any time.

Standard Gas to Comply

Another registration which probably will be reported shortly is that of Standard Gas & Electric. This Byllesby holding company seems to have arrived at a reorganization plan which is generally acceptable. Upon confirmation of the plan by the court, the company proposes to register. The step is essential if SEC approval is to be obtained for the new securities to be issued. A major subsidiary, Northern States Power, registered more than a year ago. At

the time of the Northern States registration, the Standard Gas management indicated that the parent company would comply with the law as soon as it could reorganize.

Fees for Brokers—The New York Stock Exchange discovered, six weeks ago, that brokers weren't ready to impose service charges on inactive accounts of customers (*BW*—Jan 15 '38, p 51). The idea, however, did not die with that decision to rescind the previously authorized fee schedule.

The Conway committee which recommended Stock Exchange reforms suggested that the exchange continue its study of the service charge. Members earlier had approved of the fees, but they relented when it was discovered that the public was going to be irked by their imposition unless the job were done with infinite tact. Now, by taking the matter up cautiously, it is possible that a set of fees may be put into effect more or less painlessly.

That's the reasoning behind a new Stock Exchange questionnaire on the subject. Brokers are asked to answer about 50 questions on the cost of carrying customers' inactive accounts. Presumably the Big Board can learn enough from these replies to arrive at a positive conclusion on service charges, either pro or con.

So far there has been no apparent antagonism to the Stock Exchange's higher commission rates.

Financial Debut—Many thriving concerns attract little attention in the financial community if their shares are not listed on a stock exchange. In a very real sense, they have their coming-out party when they list.

Such an event is scheduled shortly for Four Wheel Drive Auto Co. This company is by no means a stranger to the public, but its stock only now is graduating from the over-the-counter market in Chicago. The listing has been approved by the Chicago Stock Exchange and now awaits the O.K. of the Securities and Exchange Commission.

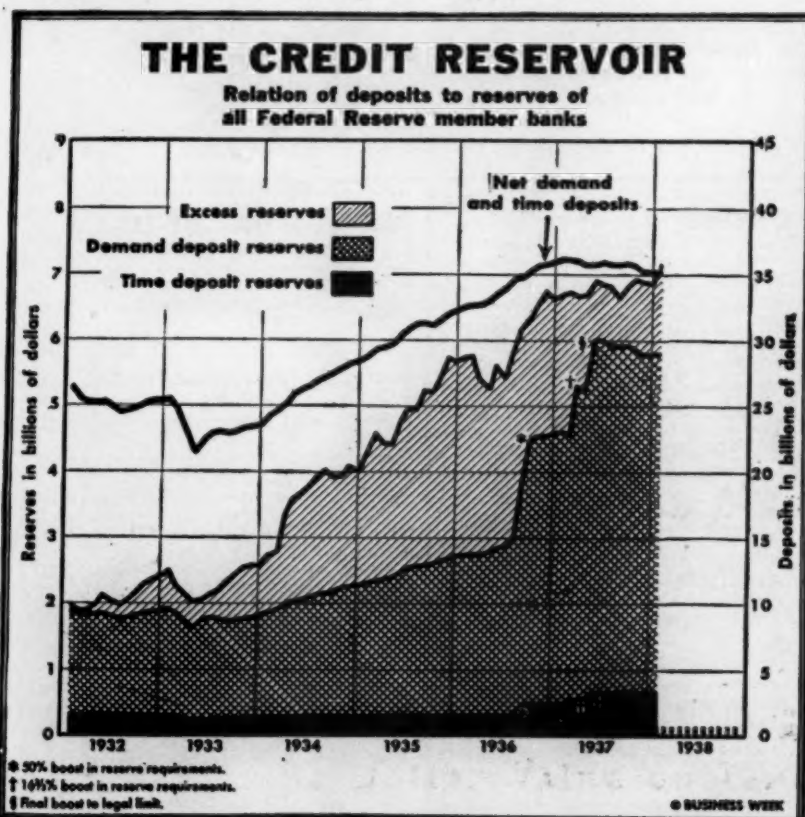
Since 1910 the little city of Clintonville, Wis., and Four Wheel Drive have been just about synonymous. The company's growth has been very much a neighborhood affair, even though its shares are now held by investors in 27 states. A bit over a year ago, however, expansion seemed to be called for. Outside bankers were consulted, but they wanted to do a bit more ambitious job than appeared desirable to the management. Caution—which has proved its worth in the light of subsequent business developments—prevailed, and the money was raised in the state of Wisconsin.

Now, with the program of plant expansion and improvement completed, the company has decided that the stockholders are entitled to a broader and more active market. Incidentally, if listing proves beneficial to sales, the company has stepped up its capacity to handle the business.

The company split its shares 10-for-1 last June, and now has 182,000 shares of stock outstanding. In the first half of its fiscal year, ended Dec. 31, last, new profits exceeded \$62,000 after \$28,000 of non-recurring charges, according to Walter A. Olen, president and general manager, against \$72,000 without any unusual costs in the like period of the preceding year. The company's bank of orders, which averaged about \$1,000,000 late last year, has declined between 30% and 40% recently, but still stands above \$600,000.

By far the largest part of the company's business is done with municipalities and other governmental bodies, inasmuch as the products largest markets are in the road-building and fire-fighting equipment field. One of the beauties of this type of business is the freedom from collection worries.

The RFC to the Rescue—Apparently, the Reconstruction Finance Corp. is "in" again. Announcement that it would resume lending (*BW*—Feb 26 '38, p 14) was followed this week by two developments: (1) Chairman Jesse Jones asked bankers to cooperate with the corporation in lending money to industry; (2) the corporation agreed to buy \$2,000,000 of Denver & Rio Grande



Promoted



Blank & Butler

Up from the ranks comes Mr. Bucher to the presidency of Westinghouse Electric Manufacturing Co. after 23 years of service with the company. He started in 1909 at 18¢ an hour on an assembly aisle in the East Pittsburgh plant. Frank A. Merrick leaves the presidency to become vice-chairman, while A. W. Robertson continues as chairman. Simultaneously Westinghouse reported for 1937 the best sales (\$206,348,307) and orders (\$229,540,061) since 1929. Net income was \$20,126,408 against \$15,099,291 in 1936.

Western trustees certificates, if bankers would not take them.

Purpose of the \$2,000,000 issue, which has been approved by the Interstate Commerce Commission, is to pay part of the cost of improvements to property and to reimburse the company's treasury for improvements already made. As of Jan. 31, the RFC had advanced more than \$8,000,000 to the Denver & Rio Grande.

In 1935, a former RFC official was named a trustee of the Rio Grande, and though the Western Pacific and the Missouri Pacific control the Rio Grande stock, one wag, when recently asked who owns the road, persisted in the answer: "The RFC."

Nostalgic Note—There was a time when, after the close of the market, traders would flock around the news tickers to see what was happening in the "loan crowd." That would indicate the extent to which there was a demand from shorts to borrow stock. If premiums were high, it would suggest that the cost of carrying a large short line was burdensome, and that shorts would therefore rush to cover.

Nowadays, though, the daily comment on stock borrowing has become a cliché: "There was small demand for stocks in the loan crowd." There is none of the

excitement that prevailed during 1931, when questions would fly back and forth across the board room: "What's the premium on Steel?" And it's been a long time since anyone said, "Gee, you don't mean to say that Case is lending flat!"—"flat" meaning without interest to the borrower for the money he puts up to secure the stock.

Nowadays, hardly anyone attends to the loaning rates. They're just routine (almost historical) data, like call money rates, or the Dow-Jones averages in 1929. But anyway, do you remember?

Bottoms Up, and Down—On Oct. 19, common stocks broke badly. But before the end of the trading session, shares bounded forward and started a rally which carried industrials, rails, and utilities far away from their lows. Three times since—on Nov. 23, Dec. 29, and Feb. 4—the Standard Statistics average for 90 stocks came close to piercing the October floor.

Market technicians refer to the formation as a quadruple bottom; and a glance at a chart of the stock market at its low points suggests a four-legged insect. The market holds above the floor—the quadruple bottom—as if on spindly stilts. Such a sight is not necessarily reassuring.

It implies that there is a level of buying—a so-called resistance level on the downside. That's true. But likewise it implies that stocks tend to seek the bottom level time and again. And sooner or later, in seeking that bottom, they may sink through.

For the industrials and the utilities, Oct. 19 marks a decided low point. In February, the bottom for industrials was almost four points above the October trough, whereas in the utilities the later low was 2.3 points higher than the October low. But the rails broke their October lows. Contracting earning power is an explanation which is evident in January railroad statements now appearing.

The threat of breaking the quadruple bottom—resisted three times since October—is best indicated by the low points reached in the averages, viz.:

	90	50	20	20
	Stocks	Industrials	Utilities	Rails
Oct.	78.1	96.0	50.6	28.9
Nov.	79.9	96.2	58.4	29.9
Dec.	80.6	98.4	55.5	29.4
Feb.	80.9	99.8	52.9	28.0

The 90-stock average has been buoyed up largely by the industrials. And with only 2.8 points separating the February bottom from the October bottom, it cannot yet be safely asserted that stocks are a safe distance away from the floor and will not fall through—despite the fact that current levels are some 10% better than the February low. Hence, bulls are still rooting: Hold 'em, Yale.

"The Pause That Refreshes"—Companies which have set new all-time

records for net earnings in each of the last four years are few indeed. This is particularly true of concerns which were big and prominent in the boom years of the 1920's. Yet Coca-Cola can claim such a distinction.

Coca-Cola reports 1937 net of \$24,681,616. This is almost double the comparable figure for 1929 of \$12,758,276; it's more than \$4,000,000 ahead of 1936 earnings of \$20,398,078.

As a matter of fact, Coca-Cola scarcely realized, from a net earnings point of view, that there was a depression. Its lowest net was \$10,712,672 in 1932—which topped its 1928 showing by a small margin and was off only 23½% from 1931, a year that attained a new peak.

The company's dividend record has been equally spectacular. Total payments were \$6,507,264 in 1929, and that figure has been exceeded in every year since then. The lowest dividend disbursements since 1929 were \$8,269,240 in 1933. By 1936 total payments for the year (including \$1,800,000 on the class A stock) had increased to \$17,767,600, and in 1937 they amounted to \$19,763,550.

Coca-Cola has been nothing short of a bonanza to its owners from the time it first became firmly entrenched in the soft-drink field. Yet those who have not followed the stock closely probably don't recall that each share outstanding early in 1927 is now represented by eight shares (there was a 2-for-1 split in 1927 and a 4-for-1 in 1935). The present market price of a little more than \$120 is equivalent to about \$960 on the 1927 shares.

That Telephone Dividend—With American Telephone & Telegraph's stock selling more than 50 points below its recovery high, Wall Street once more is talking about deficits—and about the prospects for maintenance of the \$9 annual dividend. This despite the fact that A. T. & T. dipped into surplus throughout the worst depression in the country's history in order to maintain that dividend.

The gossip mills began to hum a month ago when the stock dipped below 140 (*BW*—Feb. 5 '38, p. 44). By that time it had become clear that the earnings of the subsidiaries comprising the Bell System, were being pared by the recession. Estimates of net earnings of \$10.50 to \$11 a share for the year 1937 were being revised downward. Actual results, as the annual report made public this week showed, were \$9.76 a share compared with \$9.89 in 1936.

Meanwhile, the A. T. & T. directors have voted the regular quarterly dividend of \$2.25 a share; consideration of the next dividend isn't due for nearly three months. By that time, the board will have a better idea of how soon the recession will disappear—or whether it

AUTOCAR TRUCKS

At a meeting of the Board of Directors of the Autocar Company held on February 24, 1938, a dividend of seventy-five cents (75¢) a share was declared to holders of the Cumulative and Participating Preferred stock of the Company of record on March 21, 1938, payable on April 1, 1938. Checks will be mailed.

JOHN C. TANEY, Treasurer.
Ardmore, Pa., February 25, 1938.

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COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, \$4.25 Series of 1935, Dividend

A regular quarterly dividend of \$1.0625 on the Convertible Preference Stock, \$4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable April 1, 1938, to stockholders of record at the close of business on March 10, 1938. The transfer books will not close. Checks will be mailed.

Common Stock—Regular Dividend

A regular quarterly dividend of \$1.00 per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable April 1, 1938, to stockholders of record at the close of business March 10, 1938. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, Treasurer

February 24, 1938.



is going to turn into a full-fledged depression.

On the basis of past performance, A. T. & T. isn't going to be frightened into reducing the dividend by a few months of relatively unsatisfactory earnings. The parent company had the courage to dip into its own surplus to the tune of \$141,000,000 in order to maintain dividends in the depression years, and it drew on subsidiaries' surpluses for perhaps \$50,000,000 additional.

It is true that the Bell System isn't in as comfortable a position now as in 1930. In 1930 A. T. & T. stock was sold to shareholders, and the Bell System's cash and liquid investments totaled \$419,000,000. At the end of 1937 this figure was \$152,985,107. Yet if earnings should fall to \$7 a share—a deficiency of \$2 a share for purposes of the \$9 dividend—full payments would cut into surplus only to the extent of \$37,370,186 annually on the basis of the 18,685,093 shares now outstanding.

Present cash holdings of the parent company would meet that drain for three years—cash of the Bell System would be sufficient for nearly four years. Even the most pessimistic observers hardly foresee four years of severe depression. And the directors of A. T. & T. have always demonstrated the keenest sense of obligation to the nearly 650,000 stockholders. It is hardly likely that their devotion to the \$9 dividend will be broken in the near future.

A. T. & T. paid \$168,180,906 in dividends in 1937 (not including payments to minority interests by subsidiaries). Total dividends for the eight years from 1930 to 1937, inclusive, were \$1,310,924,662—a handsome contribution to the prosperity of its stockholders.

Cotton Ceiling?—There's getting to be more and more talk these days about a ceiling for cotton prices. This discussion acknowledges the fact that 9¢ a lb. is a critical point (*BW*—Feb 26 '38, p49).

With markets above 9¢, as explained in the last issue of *Business Week*, farmers may be tempted to withdraw some of the cotton pledged under federal surplus loans. Withdrawal and sales makes growers eligible for their "adjustment" or bonus payments of about 3¢ a lb. on 65% of their 1937 crop. Prices above 9¢ might also bring out more offerings of cotton which has been held by farmers without the benefit of government loans, the trade thinks.

If it were not for the fact that there remains a good deal of confusion in farmers' minds about this bonus business (complicated by the Smith amendment to the new farm law, *BW*—Feb 19 '38, p57) there might be more selling. As it is, the rise in cotton seems to have been halted at least temporarily, but that might be due to the fact that all commodity markets have cooled off.

Business Week

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Editorially Speaking—

THE buffalo we bought for \$60 from the Biological Survey is out of the hospital and back on the job as the *Business Week* mascot. To look at him you wouldn't think he'd ever had the flu. On his first day back there was a constant flow of people from other offices in the building into our reception room, and they all said, "How nice it is to have him back!" If we heard that once, we heard it 300 times. Our buffalo seemed to enjoy being petted. He's a little more amiable than before but no less stupid. In the hospital he learned to like rhubarb marmalade, and now he gets that at breakfast. We hope this brief information satisfies our inquiring readers.

We have a letter from Earl N. Ohmer, president of the Alaskan Glacier Sea Food Co., with canneries at Petersburg, Wrangell, Hoonah, and Cordova, Alaska, which employ 350 people. He also owns mink and fur ranches.

"In comes Sal Jones for a job," he writes. "We say, Well Sal have you got a Social Security card and number? She hasn't it, so we get out the card and get going. What's your name, Sal? Sal Jones, so down it goes. What's your old man's name? It might have her guessing, but she finally figures it must be Bill Peterson. So down that goes. What's your mother's maiden name? That has her stuck plenty, but she probably makes a wild guess at it, and so the card gets that. How old are you Sal? Some more deep study, and finally she says about three years older than Juneau, Alaska. Well, we figure Juneau must be about 50 years old, so that makes Sal 53, and the card gets it. Sal can't sign her name, so her X goes. The card is then sent to headquarters, and in due time along comes a number. We call in Sal, give her the number, tell her she must save it, and that some day the government says they will give her some money to live on when she needs it. Also tell her that is the reason we are deducting from her pay. She says Huh, that so, walks out the door, looks at the number again, says Oh —, and heaves the number in the bay. That's that.

"Well, in due time, Sal quits and goes to some other place for a job. The superintendent asks her if she has a number, and of course since she has heaved it in the bay, she says No. Then he proceeds making out another card, and since she guessed at most of the first one, that card isn't going to be right, and he may also figure Juneau is 75 years old instead of as we figured 50. Likewise old Sal, since she left my employ, has hooked up with some other buck, and instead of her name being

Sal Jones, it's now Maggie Adams, or Perkins, or some other pedigree. And so it goes. Now you tell me how the hell they are ever going to trace up old Sal and many others like her, but we are taking their money each payday for the purpose."

THAT isn't all of Mr. Ohmer's letter about Sal, but it's all we have space for. And we haven't any space at all this week for the correspondents who crack down on us because they think we tried to solve Cipriano Farraris' figure puzzle. We're sorry we mentioned it. But next week, we hope, this page will be the puzzle page. Non-puzzlers, beware!

IN a radio speech recently to Great Britain and the British dominions, Sec. Ickes spoke of "President Roosevelt who, under our Constitution, is charged with responsibility for foreign affairs." If the people of Great Britain and the British dominions had immediately turned away from their radios and consulted their copies of the United States Constitution, which every good Briton always keeps handy in the medicine chest, they would have learned that Congress, under our Constitution, is also charged with responsibility for foreign affairs. And right now Congress should be vigilant to exercise that responsibility. It has as much authority as Mr. Roosevelt to define our foreign policy, and it shouldn't fall down on the job.

"You seem to have completely missed the point," writes I. J. Elman, president of the Samuel Elman Co., trouser manufacturers, of Syracuse, N. Y., commenting on our comment on trousers. They're supposed to be narrower and cuffless this spring, and we asked whether a man couldn't simply cut the cuffs off the pants he bought last week. "Trousers styles," explains Mr. Elman patiently, for he has long been accustomed to dealing with dumb customers, "are changed as frequently as possible in order that we may sell more and more pants. When I think of the thousands upon thousands of your readers who will act upon your suggestion, depriving us of this nice reorder business, I shudder."

And well you may! Change styles in order to sell more goods, indeed! What if other businesses did that? Suppose the styles in furniture, automobiles, watches, eyeglasses, radios, and skirts were changed as often as possible in order to sell more goods? What would the trouser manufacturers say then?

A LIBRARIAN for a large firm was beefing because the library was being shifted to smaller quarters. She said, "They're giving the library less space in which to expand and do better work."

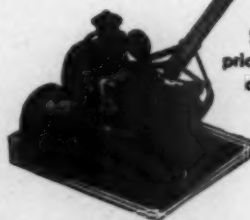
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BUSINESS WEEK

The Journal of Business News and Interpretation

MARCH 5, 1938

What Business Needs

Part of the confusion in the business situation has lifted, and it is now possible to get a clearer look at the recent past, and thus to think more clearly about the future. The decline in business began in earnest about Labor Day. The reaction was perfectly justified and, in its beginning, had salutary effects. In 1936 and in the earlier months of '37, we were in an upward spiral of business and inventory expansion, marked by rapid inflationary increases in prices. That situation needed correction, which duly occurred in a natural way, beginning half a year ago.

But fears were excited concerning the seriousness of the correction, which in turn was exaggerated by these fears. Consequently the decline in the next three months was the sharpest in our history for so short a time. The dangerous tendencies of the previous year were almost immediately dissolved. In three months, a statistical correction had been accomplished. But by that time we were in a nosedive and could not pull ourselves out. Nor have we been able to do so since.

In the past three months, the main excuse for the continuance of the decline has been an almost universal fear on the part of business as to what the Administration was going to do. This fear having manifested itself, business is preparing against every eventuality of a depression that it can now conceive. For politics has confounded economics. Early in '36 we were steadily on our way out of the minor recession that followed the recovery from the depths of 1932-33. We had reason to expect that there would be no further severe collapses. Yet in September of '37 we encountered a reaction that in three months was the steepest in history, producing a statistical correction, which, however, did not prevent a further decline. Superficially considered, the present reaction defies all past experience. So business men are bewildered; they have a tendency to say, "We are not going to get caught short this time." And they take elaborate precautions.

But there is a reason for the apparently irrational continuance of our present business decline. There is a reason why the rules of experience seem to have failed. The decline has been continued not by economic causes but by political causes. The rules of economic experience have been coun-

teracted by political mischief-making. The thing that is needed to turn business around is convincing proof that the danger of political tinkering and of its destructiveness has vanished. Business needs not only a breathing spell of a few weeks but relief that will last until after the Congressional elections. Seven or eight months of freedom from political pestering will work wonders.

Probably no breathing spell which Mr. Roosevelt could laughingly grant would do any good. What is needed now is proof of Congressional independence of the White House. Let Congress reject all mischievous legislation. Let it correct some of the legislative vagaries already passed. Let it enact a sound tax revision. Let Congress show conclusively that it, not Mr. Roosevelt, is declaring a holiday, a prolonged period of business freedom. With that assurance, business will quickly begin a steady return to prosperity.

Cracking Down on Gas Tax Diversion

On the old theory of plucking the goose in such a way as to get the most feathers with the least squawking, state legislatures have demonstrated an intense love for the gasoline tax. They have levied it freely and they have used its proceeds freely. The original idea was that the money should go for highways only; but in a few years the legislatures began their great game of diversion, and it is still continuing.

Now there are signs of a reversal in trend. Four states have amended their constitutions to forbid the use of gasoline tax revenue for other than highway purposes, and several other states have taken steps in the same direction. One of the most effective arguments for this course is the gradual stiffening of federal policy.

The United States Bureau of Public Roads has begun to withhold federal funds from states that fall below their required contributions to federal aid highways. So far the bureau has been more disposed to threaten than to carry out its threats; but, with the unceasing support of motorists and the automobile industry, it can be expected to harden its attitude toward the offending states.

For Real Control Over the Spending

One conspicuous way in which Congress can show its independence is by taking plenty of time to consider the governmental reorganization bill, and by modifying it substantially. In its present form, the bill would give the President excessive authority to reshuffle the agencies of government. Far too much is left to his judgment. Far too little is done to restrain his misjudgment.

The worst provision is the one that abolishes the office of comptroller general. Not only Mr. Roosevelt but some of his predecessors have been checked, and rightly checked, by the comptroller general during the 17 years since the office was established. The reason that this has been possible is that the comptroller general was given a 15-year term and was made responsible to Congress alone, not at all to the President. With that authority, John R. McCarl did notable work. Since his term expired, Mr. Roosevelt has been well content to let an assistant comptroller general serve as a temporary substitute, pending legal abolition of the office.

The reorganization bill provides that the comptroller general's authority over current transactions shall be transferred to the director of the budget, who is answerable to the President; and that the remaining authority of the comptroller general shall go to a new official, the auditor general, who shall check up on transactions after they are finished and make a report. In other words, the Congressional limitation on the President's spending authority is removed. Congress should not tolerate this. It should insist on retaining its own servant, the comptroller general.

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